

**Court File No. CV-24-00730212-00CL**

**CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC.**

**FIRST REPORT OF FTI CONSULTING CANADA INC., AS MONITOR**

**November 6, 2024**

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC. (each, a “**CCAA Party**”, and collectively, the “**CCAA Parties**”)

**FIRST REPORT TO THE COURT**  
**SUBMITTED BY FTI CONSULTING CANADA INC.,**  
**IN ITS CAPACITY AS MONITOR**

**A. INTRODUCTION**

1. On October 29, 2024, on the application of Royal Bank of Canada, in its capacity as administrative agent and collateral agent (in such capacity, the “**Agent**”) to the lenders under a second amended and restated credit agreement dated as of January 14, 2022, as amended, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an Order (the “**Initial Order**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in respect of the CCAA Parties (the proceedings commenced pursuant to the Initial Order, the “**CCAA Proceedings**”).
2. Pursuant to the Initial Order, FTI Consulting Canada Inc. (“**FTI**”) was appointed as Monitor of the CCAA Parties (in such capacity, the “**Monitor**”). A copy of the Initial Order is attached hereto as Appendix “A”.
3. The Initial Order, among other things:

- (a) declared that the CCAA Parties are companies to which the CCAA applies;
- (b) granted a stay of proceedings in favour of the CCAA Parties until and including November 8, 2024 (the “**Stay Period**”);
- (c) provided that, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities against or in respect of the CCAA Parties or the Monitor (or their respective employees, agents and representatives acting in such capacity), or affecting the Business or the Property, are stayed and suspended, except with the written consent of the Monitor or leave of the Court;
- (d) authorized the Borrower to borrow under a debtor-in-possession interim financing facility (the “**DIP Facility**”), subject to the terms and conditions set forth in a DIP Facility term sheet dated October 29, 2024 (the “**DIP Term Sheet**”), between, among others, the CCAA Parties, Royal Bank of Canada, in its capacity as administrative agent and collateral agent (in such capacity, the “**DIP Agent**”), and the lenders party thereto (collectively, the “**DIP Lenders**”);
- (e) authorized and empowered the Monitor to, without obligation, for and on behalf of, and in the name of, the CCAA Parties and their respective boards of directors, (i) conduct and control the financial affairs and operations of the CCAA Parties and carry on the Business of any of the CCAA Parties, and (ii) preserve, protect and exercise control over the Business or Property, or any parts thereof;
- (f) authorized the CCAA Parties to make certain pre-filing payments with the consent of the Monitor;
- (g) authorized the CCAA Parties to continue to utilize the Cash Management System;
- (h) authorized the Monitor to act as foreign representative (“**Foreign Representative**”) and apply for foreign recognition and approval of the CCAA Proceedings in any jurisdiction outside of Canada, including in the United States (the “**U.S.**”) pursuant to chapter 15 of title 11 of the United States Code (“**Chapter 15**”, and the

proceedings that were commenced by the Foreign Representative thereunder on October 30, 2024, the “**Chapter 15 Proceedings**”);

- (i) granted the following charges with priority over all encumbrances (other than those in favour of any Person who is a “secured creditor” as defined in the CCAA that was not served with the Agent’s Notice of Application for the Initial Order) on the Property (collectively, the “**Charges**”) in the following priorities:
    - (i) First – a charge for the benefit of the Monitor (whether in its capacity as Monitor or Foreign Representative) and counsel to the Monitor and Foreign Representative in the amount of US\$2 million; and
    - (ii) Second – a charge in favour of the DIP Agent, for and on behalf of the DIP Lenders; and
  - (j) provided for a hearing (the “**Comeback Hearing**”) scheduled for November 7, 2024, whereby any interested party may apply to the Court to amend or vary the Initial Order.
4. A summary of the events leading to the Agent’s application to the Court for the Initial Order, including information about the CCAA Parties, is set out in (i) the Pre-Filing Report of FTI, in its capacity as proposed Monitor, dated October 29, 2024 (the “**Pre-Filing Report**”), a copy of which is attached hereto as Appendix “B”, and (ii) the affidavit of Wenwei (Wendy) Chen filed in support of the application for the Initial Order (the “**Chen Affidavit**”), a copy of which is attached hereto without exhibits as Appendix “C”. A copy of the Chen Affidavit with exhibits is available at <http://cfcanda.fticonsulting.com/chesswood> (the “**Monitor’s Website**”).
5. The purpose of this first report of the Monitor (this “**Report**”) is to provide the Court with information with respect to the following:
- (a) the Monitor’s activities since issuance of the Initial Order;
  - (b) an update on certain developments in the CCAA Proceedings since the date of the Initial Order;

- (c) the relief sought by the Agent in its proposed Amended and Restated Initial Order (the “**A&R Initial Order**”), including, among other things:
  - (i) increasing the borrowings permitted under the DIP Facility and a corresponding increase to the DIP Charge; and
  - (ii) extending the Stay Period up to and including January 31, 2025; and
- (d) the Monitor’s recommendations in respect of the relief sought in the proposed A&R Initial Order.

**B. TERMS OF REFERENCE**

- 6. In preparing this Report, the Monitor has relied upon audited and unaudited financial information of the CCAA Parties’ books and records, certain financial information and forecasts prepared by the CCAA Parties, discussions with various stakeholders and parties, including senior management (“**Management**”) of, and advisors to, the CCAA Parties, and information and documentation provided by the Agent and its legal counsel, Blake, Cassels & Graydon LLP (collectively, the “**Information**”).
- 7. Except as otherwise described in this Report:
  - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 8. Future-oriented financial information reported in, or relied on, in preparing this Report is based on Management’s assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.

9. The Monitor has prepared this Report in connection with the Comeback Hearing and the relief requested by the Agent in the A&R Initial Order. This Report should not be relied on for any other purpose.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.
11. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Initial Order or the Chen Affidavit, as applicable.

**C. MONITOR’S ACTIVITIES SINCE ITS APPOINTMENT**

12. Since the commencement of the CCAA Proceedings, the activities of the Monitor have included the following:
  - (a) assisting the CCAA Parties with communications to employees, vendors, creditors and other stakeholders;
  - (b) arranging for publication of an initial notice containing the information prescribed under the CCAA in *The Globe and Mail* (National Edition), which was published on November 4, 2024;
  - (c) sending, in the prescribed manner, a notice to every known creditor with a claim against the CCAA Parties of more than \$1,000;
  - (d) posting the Initial Order, a list of known creditors of the CCAA Parties (excluding personal information of individuals), and other publicly available documents to the Monitor’s Website;
  - (e) posting the service list for these CCAA Proceedings and other relevant materials to the Monitor’s Website;
  - (f) engaging in regular discussions with Management, the Agent and DIP Agent, and the Agent’s and DIP Agent’s legal counsel regarding, among other things, the CCAA Proceedings, communications with stakeholders, the Cash Management

System, the stabilization of the Business and the relief being sought at the Comeback Hearing;

- (g) engaging in discussions with the Agent and the applicable bank providing the Cash Management System regarding, among other things, the Blocks and the PAD and ACH Payments (each as defined below);
- (h) monitoring the receipts and disbursements of the CCAA Parties;
- (i) responding to various enquiries from stakeholders of the CCAA Parties;
- (j) commencing the Chapter 15 Proceedings; and
- (k) preparing this Report.

#### **D. CHAPTER 15 PROCEEDINGS**

13. On October 30, 2024, the Monitor, in its capacity as Foreign Representative, commenced the Chapter 15 Proceedings for each of the CCAA Parties with the U.S. Bankruptcy Court for the district of Delaware (the “**U.S. Court**”). On October 31, 2024, the U.S. Court entered, among others, an Order Granting Petitioner’s Motion for Provisional Relief (the “**Provisional Relief Order**”), which, on a provisional basis, among other things, recognized the CCAA Proceedings as a foreign main proceeding and gave effect to the Initial Order in the U.S. A copy of the Provisional Relief Order is attached hereto as Appendix “D”.
14. A hearing before the U.S. Court in which the Foreign Representative will seek, among other things, a final order (“**Final Recognition Order**”) recognizing the CCAA Proceedings as a foreign main proceeding and giving effect to the Initial Order and A&R Initial Order in the U.S. has been scheduled for November 25, 2024.

#### **E. ACCOUNT BLOCKS**

15. The Monitor understands that, on October 28, 2024, the Agent delivered shifting control notices in respect of certain CCAA Party bank accounts located in the U.S. (the “**Blocked Accounts**”), pursuant to which, among other things, draws therefrom by the CCAA Parties



have been blocked (the “**Blocks**”). The Blocked Accounts include: (i) certain accounts in which collections from securitized loan and lease assets are comingled with CCAA Party funds (the “**Co-Mingled Accounts**”); and (ii) certain accounts in respect of which the CCAA Parties have exclusive right and title to the amounts deposited into such accounts.

16. Since the commencement of the CCAA Proceedings, certain ordinary course payments, including certain payroll payments, were delayed as a result of the Blocks. The Monitor also understands that certain payments to Bishop Holdings LLC and/or Bishop Holdings Finance Trust from a Co-Mingled Account have not been made as a result of the Blocks.
17. The Monitor understands that the CCAA Parties have been unable to have certain pre-authorized debit and automatic clearing house payments (collectively, the “**PAD and ACH Payments**”) from lease and loan counterparties debited to the Blocked Accounts.
18. The Monitor has been in ongoing discussions with the Agent and the applicable bank providing the Cash Management System to (i) assess the impact of the Blocks; (ii) have the Blocks removed to facilitate payments from the applicable Blocked Accounts in the ordinary course; (iii) ensure the resumption of PAD and ACH Payments; and (iv) ensure that the Mandatory Repayments (as defined below) are not prejudiced. The Monitor has been advised that the Agent has requested the release of the Blocks and that this bank intends to remove the Blocks and restore the Blocked Accounts to their status prior to the commencement of the CCAA Proceedings. Given the significant impact of the Blocks on the Business, the Monitor may seek Court relief with respect to the Blocks if this issue is not resolved in the near term.

#### **F. RELIEF SOUGHT IN THE PROPOSED A&R INITIAL ORDER**

##### *Increases to Authorized DIP Facility Borrowings and DIP Charge*

19. The Initial Order approved DIP Facility advances to the Borrower pursuant to the DIP Term Sheet subject to certain conditions, including that (i) between the date of the Initial Order and the Comeback Hearing, the advances shall not, individually or in the aggregate exceed US\$4,000,000, and (ii) the advances shall not, individually or in the aggregate, exceed US\$18,500,000, until further Order of the Court. As set out in the Pre-Filing Report,

US\$18,500,000 is the amount projected to be required under the Cash Flow Projection attached as Appendix “B” to the Pre-Filing Report (the “**Cash Flow Projection**”) prior to motion for the Final Recognition Order from the U.S. Court.

20. In its motion for the A&R Initial Order, the Agent is seeking to increase the maximum DIP borrowings to an aggregate amount of US\$65,000,000, which is the maximum amount permitted by the DIP Term Sheet, provided that prior to receiving the Final Recognition Order the aggregate amount available would remain limited to US\$18,500,000, and a corresponding increase to the DIP Charge.
21. Based on the information currently available to it, the Monitor believes that no creditor of the CCAA Parties would be materially prejudiced by the increases to the maximum borrowings permitted by the DIP Term Sheet and the corresponding increase to the DIP Charge.
22. As set out in the Cash Flow Projection, absent receipt of the additional amounts to be borrowed under the DIP Facility, the CCAA Parties would not have sufficient liquidity to continue operations while they formulate a plan regarding one or more sale and investment solicitation processes (each, a “**SISP**”).
23. The DIP Term Sheet includes a December 16, 2024, milestone date by which the CCAA Parties must provide a plan regarding one or more SISPs in respect of the Business or Property of the CCAA Parties or other wind-down options of the CCAA Parties to the DIP Agent, which the increased borrowings under the DIP Facility will facilitate.
24. The Cash Flow Projection reflects the mandatory repayments under the Pre-Filing Credit Agreement required by the DIP Term Sheet.
25. The Monitor is therefore of the view that the proposed increased amounts which the Borrower may borrow under the DIP Facility and a corresponding increase to the DIP Charge are reasonable in the circumstances.

Extension of the Stay Period

26. The Stay Period will expire on November 8, 2024, and the Agent is seeking an extension of the Stay Period up to and including January 31, 2025.
27. The Monitor supports extending the Stay Period to January 31, 2025, for the following reasons:
  - (a) during the proposed extension of the Stay Period, the CCAA Parties, under the oversight of the Monitor, will have an opportunity and the breathing room necessary to assess and formulate a sale or orderly wind down of the Business;
  - (b) the development and implementation of a plan regarding one or more SISPs or other wind-down options of the CCAA Parties will be facilitated by an extension of the Stay Period;
  - (c) as indicated by the Cash Flow Projection, subject to the approval of additional interim financing under the DIP Facility, the CCAA Parties are forecast to have sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;
  - (d) based on the information currently available to it, the Monitor believes that no creditor of the CCAA Parties would be materially prejudiced by the extension of the Stay Period; and
  - (e) the CCAA Parties have acted in good faith and with due diligence in the CCAA Proceedings since the commencement of the CCAA Proceedings.

**G. CASH FLOW PROJECTION**

28. As noted above, the Cash Flow Projection is attached as Appendix “B” to the Pre-Filing Report. The Cash Flow Projection is presented on a weekly basis and covers the 14-week period ending January 31, 2025.
29. Pursuant to the DIP Term Sheet, provided the Monitor is satisfied that there are sufficient cash reserves in the CCAA Parties’ bank accounts to satisfy amounts secured by certain

permitted priority liens and amounts in the Agreed Budget (as defined in the DIP Term Sheet), the CCAA Parties are required to, from and after the granting of the proposed A&R Initial Order, use all excess cash as of 12:00 pm (Toronto time) on Friday of each week to repay the following in the following order: (a) first, the obligations of CCAA Parties in connection with the Pre-Filing Credit Agreement until paid in full, and (b) second, the obligations in connection with the DIP Facility (collectively, the “**Mandatory Repayments**”). The Monitor is working with the DIP Agent to develop a protocol for effecting the Mandatory Repayments. The Monitor anticipates that this protocol may impact the timing of the Mandatory Repayments by requiring that they occur one week in arrears (i.e., one week later than in the Cash Flow Projection), which may be necessary given the complexity of the CCAA Parties’ Cash Management System and the requirement that there be sufficient cash reserves in the CCAA Parties’ bank accounts. The Monitor intends to submit an updated cash flow projection in its next report to the Court, which it anticipates will reflect these adjustments, subject to confirming a Mandatory Repayment protocol with the DIP Agent.

#### **H. KERP**

30. The Monitor noted in the Pre-Filing Report that it anticipated that the proposed A&R Initial Order would include approval of a key employee retention plan (“**KERP**”) and related charge (“**KERP Charge**”). The CCAA Parties and the Monitor, in consultation with the DIP Agent, continue to work diligently towards establishing the terms of a KERP to be proposed. The Monitor anticipates that approval of the KERP and granting of the KERP Charge will be sought at a later date in these CCAA Proceedings.

#### **I. CONCLUSION**

31. For the reasons set out in this Report, the Monitor is of the view that the relief requested by the Agent pursuant to the proposed A&R Initial Order is both appropriate and reasonable.
32. Accordingly, the Monitor respectfully recommends that the Agent’s request for the A&R Initial Order be granted.

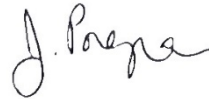
All of which is respectfully submitted this 6th day of November, 2024.

FTI Consulting Canada Inc.

In its capacity as Monitor of Chesswood Group Limited, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. and not in its personal or corporate capacity



Jeffrey Rosenberg  
Senior Managing Director



Jodi Porepa  
Senior Managing Director

**APPENDIX “A”**

**Initial Order**

(see attached)



Court File No.: CV-24-00730212-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**

THE HONOURABLE ) TUESDAY, THE 29TH  
JUSTICE KIMMEL ) DAY OF OCTOBER, 2024

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
**CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS  
LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING  
CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION,  
TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC.,  
CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO  
FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS  
INC. and 1000390232 ONTARIO INC.**

**INITIAL ORDER**

**THIS APPLICATION**, made by Royal Bank of Canada, in capacity as administrative and collateral agent (the “**Pre-Filing Agent**” or the “**Applicant**”) to the lenders (the “**Pre-Filing Lenders**”) under a second amended and restated credit agreement dated as of January 14, 2022, as amended, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Wenwei (Wendy) Chen sworn October 28, 2024 and the Exhibits thereto (the “**Chen Affidavit**”) and the pre-filing report of FTI Consulting Canada Inc. (“**FTI**”), in its capacity as proposed monitor of the CCAA Parties, dated October 29, 2024, and on on hearing the submissions of counsel for the Pre-Filing Agent, counsel to FTI, and such other counsel present, and on reading the consent of FTI to act as the monitor (in such capacity, the “**Monitor**”) and upon being advised that the CCAA Parties do not oppose the relief sought,

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Chen Affidavit.

## APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the CCAA Parties are companies to which the CCAA applies.

## POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that, subject to the rights and powers granted in favour of the Monitor under this Order, the CCAA Parties shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the CCAA Parties shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The CCAA Parties shall each be authorized and empowered, subject to the consent of the Monitor and the terms of the DIP Term Sheet (as defined below), to continue to retain and employ the employees, independent contractors, advisors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the CCAA Parties shall be entitled to continue to utilize the central cash management system currently in place as described in the Chen Affidavit or replace it with another substantially similar central cash management system with the consent of the Monitor (in either case, the “**Cash Management System**”), and that any present or future



bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the CCAA Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined below) other than the CCAA Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the CCAA Parties shall, with the consent of the Monitor, be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order, to the extent that such expenses are incurred and payable by the CCAA Parties and subject to the terms of the DIP Term Sheet:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and other payroll and benefits processing and servicing expenses;
- (b) the fees and disbursements of any Assistants retained or employed by the CCAA Parties or the Pre-Filing Agent, Pre-Filing Lenders, DIP Agent or DIP Lenders (as defined in the DIP financing principal terms sheet dated October 29, 2024, the “**DIP Term Sheet**”) in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods or services supplied to the CCAA Parties prior to the date of this Order by third party suppliers or service providers not exceeding US\$1,000,000 in aggregate, if in the opinion of the Monitor such supplier or service provider is critical to the Business and ongoing operations of the CCAA Parties and the Property.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the terms of the DIP Term Sheet, the CCAA Parties shall, with the consent of the Monitor, be entitled but not required to pay all reasonable expenses incurred by the CCAA Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order or any other Order of the Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the CCAA Parties following the date of this Order.

8. **THIS COURT ORDERS** that the CCAA Parties are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes and other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the CCAA Parties in connection with the sale of goods and services by the CCAA Parties, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in

priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the CCAA Parties.

9. **THIS COURT ORDERS** that until a real property lease, including a sublease and related documentation, to which any CCAA Party is a party (each a “**Lease**”), is disclaimed in accordance with the CCAA or otherwise consensually terminated, the applicable CCAA Party shall pay, with the consent of the Monitor, without duplication, all amounts constituting rent or payable as rent under such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the applicable landlord (the “**Landlord**”) under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the CCAA Parties or the making of this Order) or as otherwise may be negotiated between the applicable CCAA Party and the Landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the CCAA Parties and the Monitor, for and on the behalf of the CCAA Parties, are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the CCAA Parties to any of their creditors as of this date, except to the Pre-Filing Agent and Pre-Filing Lenders as provided for in this Order or the DIP Term Sheet or any Definitive Documents (each as defined below); (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to this Order or any other Order of the Court.

## **RESTRUCTURING**

11. **THIS COURT ORDERS** that the Monitor, in consultation with the DIP Agent shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as defined below), have the right, for and on behalf of and in the name of the CCAA Parties, to:

- (a) permanently or temporarily cease, downsize or shut down any of the CCAA Parties' business or operations, and to dispose of redundant or non-material assets not exceeding US\$1,000,000 in any one transaction or US\$2,000,000 in the aggregate.
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as the Monitor, for and on behalf of and in the name of the applicable CCAA Parties, deems appropriate;
- (c) disclaim, in whole or in part, with the prior consent of the DIP Agent or further Order of the Court, any of the arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, of the CCAA Parties, as the Monitor, for and on behalf of and in the name of the CCAA Parties, deems appropriate, in accordance with section 32 of the CCAA; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the CCAA Parties to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. **THIS COURT ORDERS** that each CCAA Party shall provide each of the relevant Landlords with notice of the CCAA Parties' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant Landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes a CCAA Party's entitlement to remove any such fixture under the provisions of the applicable Lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such Landlord and the applicable CCAA Party, or by further Order of this Court upon application by the Monitor on at least two (2) days notice to such Landlord and any such secured creditors. If a CCAA Party disclaims the Lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such Lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the Lease shall be without prejudice to such CCAA Party's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the CCAA Parties and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the CCAA Parties in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE CCAA PARTIES OR THE PROPERTY**

14. **THIS COURT ORDERS** that until and including November 8, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the CCAA Parties or the Monitor (or their respective employees, agents and representatives acting in such capacity), or affecting the Business or the Property, except with the prior written consent of the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the CCAA Parties or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

15. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation relating to any Proceeding against or in respect of any CCAA Party that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the CCAA Parties or the Monitor (or their respective employees, agents and representatives acting in such capacity), or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Monitor, or leave of this Court, provided that nothing in this

Order shall (i) empower the CCAA Parties to carry on any business which the CCAA Parties are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the CCAA Parties, except with the prior written consent of the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant CCAA Parties shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of the insolvency of the CCAA Parties, the commencement of the within proceedings, or any related recognition proceedings, or this Order.

18. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (i) are or may become due to the CCAA Parties in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the CCAA Parties in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the CCAA Parties in respect of obligations arising prior to the date hereof with any amounts that are or maybe become due to the CCAA Parties in respect of obligations arising on or after the date of this Order, in each case without the consent of the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any Person may make in seeking leave of the Court or following the granting of such leave.

### **CONTINUATION OF SERVICES**

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the CCAA Parties or statutory or regulatory mandates for the supply of goods, intellectual property, and/or services, including, without limitation, all computer software, communication and other data services, centralized banking services, cash management services, payroll and benefit services, insurance, transportation services, utility or other services to the

Business or the CCAA Parties, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the CCAA Parties, and that the CCAA Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the CCAA Parties in accordance with normal payment practices of the CCAA Parties or such other practices as may be agreed upon by the supplier or service provider and the applicable CCAA Parties and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration, in each case, provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the CCAA Parties. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the CCAA Parties with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the CCAA Parties whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the CCAA Parties, if one is filed, is sanctioned by this Court or is refused by the creditors of the CCAA Parties or this Court.

### **SECURITIES FILINGS**

22. **THIS COURT ORDERS** that the decision by the CCAA Parties to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the

“**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the TSX Company Manual and other rules, regulations and policies of the Toronto Stock Exchange and (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in Section 11.1(2) of the CCAA as a consequence of the CCAA Parties failing to make Securities Filings required by the Securities Provisions.

23. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the CCAA Parties nor the Monitor (or its employees, agents and representatives acting in such capacity) shall have any personal liability for any failure by the CCAA Parties to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have against the directors, officers, employees and other representatives of the CCAA Parties of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the CCAA Parties. For greater certainty, nothing in this Order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the “**Regulators**”) in the matter of regulating the conduct of market participants and to issue or maintain cease trader orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the Court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Provisions.

#### **APPOINTMENT OF MONITOR**

24. **THIS COURT ORDERS** that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the CCAA Parties with the powers and obligations set out in the CCAA or set forth herein and that the CCAA Parties and their shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the CCAA Parties pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its



obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the CCAA Parties' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) provide the DIP Agent and its counsel with such financial and other information as agreed to with the DIP Agent, which may be used in these proceedings, including reporting on a basis to be agreed with the DIP Agent;
- (d) assist the CCAA Parties in their preparation of the CCAA Parties' cash flow statements and reporting required by the DIP Agent, which information shall be reviewed with the Monitor and delivered to the DIP Agent and its counsel on a periodic basis, or as otherwise agreed to by the DIP Agent;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the CCAA Parties, to the extent that is necessary to adequately assess the CCAA Parties' business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel, advisors, or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (g) act as representative (the "**Foreign Representative**") in respect of the within proceedings for the purposes of having these proceedings recognized in a jurisdiction outside of Canada, including acting as a Foreign Representative of the CCAA Parties to apply to the United States Bankruptcy Court for relief pursuant to chapter 15 of the

*United States Bankruptcy Code*, 11 U.S.C. §§ 101-1532, as amended (the “**Bankruptcy Code**”); and

- (h) perform such other duties as are required by this Order or by this Court from time to time.

26. **THIS COURT ORDERS** that in addition to the powers outlined in paragraphs 24 and 25 and subject to further Orders of the Court, the Monitor is hereby authorized and empowered, but not required, for and on behalf of and in the name of the CCAA Parties and their respective boards of directors (and not in its personal capacity), as the Monitor considers necessary or desirable, in consultation with the DIP Agent, to:

- (a) conduct and control the financial affairs and operations of the CCAA Parties and carry on business of any of the CCAA Parties, including, without limitation:
  - (i) controlling the CCAA Parties’ receipts and disbursements;
  - (ii) executing banking and other transactions and executing any documents or taking any other action that is necessary or appropriate for the purpose of the exercise of this power;
  - (iii) executing such documents as may be necessary in connection with any proceedings before this Court or pursuant to any Order of this Court;
  - (iv) taking any action or steps that any of the CCAA Parties can take pursuant to the CCAA, this Order or further Order of this Court, including making distributions or payments;
  - (v) negotiating and entering into agreements with respect to the Business or the Property;
  - (vi) applying to the Court for any orders which may be necessary or appropriate in order to convey the Property of any CCAA Party to a purchaser or purchasers thereof;

- (vii) exercising any shareholder, partner, member or other rights and privileges available to any of the CCAA Parties for and on behalf and in the name of any of them;
  - (viii) exercise any powers which may be properly exercised by any board of directors of the CCAA Parties;
  - (ix) settling, extending or compromising any indebtedness owing to or by the CCAA Parties;
  - (x) initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the CCAA Parties, the Business, the Property or the Monitor and to settle or compromise any such proceeding;
  - (xi) exercising any rights of the CCAA Parties;
  - (xii) applying for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the CCAA Parties;
  - (xiii) taking any and all corporate governance actions for the CCAA Parties;
  - (xiv) providing instruction and direction to the Assistants of the CCAA Parties;
- (b) preserve, protect and exercise control over the Business or Property, or any parts thereof, including, without limitation, to:
- (i) receive, collect and exercise control over all proceeds of sale of any of the Property;
  - (ii) exercise all remedies of the CCAA Parties in collecting monies owed or hereafter owing to the CCAA Parties and to enforce any security held by the CCAA Parties;
  - (iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property for any purpose pursuant to this Order;

- (c) conduct investigations from time to time, including, without limitation, examining under oath any Person reasonably thought to have knowledge relating to any of the CCAA Parties, the Business or the Property and compelling any such Person to produce any books, records, accountings, correspondence or documents or papers, electronically stored otherwise, in that Person's possession, custody, control or power relating to the CCAA Parties, the Business or the Property; and
- (d) take any steps, enter into any agreements, execute any documents, incur any obligations or take any other action necessary, useful or incidental to the exercise of any of the aforesaid powers,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the CCAA Parties, and without interference from any other Person.

27. **THE COURT ORDERS** that the Monitor shall, subject to the Cash Management System, be authorized and empowered, but not required, to operate and control, for and on behalf of and in the name of the CCAA Parties, all of the CCAA Parties' existing accounts at any financial institution (each an "**Account**" and, collectively, the "**Accounts**") in such manner as the Monitor, in its sole discretion, deems necessary or appropriate, including, without limitation, to:

- (a) exercise control over the funds credited to or deposited in the Accounts;
- (b) effect any disbursement from the Accounts permitted by this Order or any other Order of this Court;
- (c) give instructions from time to time with respect to the Accounts and the funds credited or deposited therein, including to transfer the funds credited to or deposited in such Accounts to such other account or accounts as the Monitor may direct; and
- (d) add or remove Persons having signing authority with respect to any Account or to direct the closing of any Account.

28. **THE COURT ORDERS** that the CCAA Parties and their directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall cooperate with the Monitor in discharging its duties and forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the CCAA Parties.

29. **THIS COURT ORDERS** that neither the Monitor nor any employee, representative or agent of the Monitor shall be deemed to: (i) be a director, officer, employee or trustee of the CCAA Parties, (ii) be a legal representative or Person to whom section 150(3) of the *Income Tax Act* (Canada) applies; (iii) assume any obligation of the CCAA Parties or any one of them; or (iv) assume any fiduciary duty towards the CCAA Parties or any other Person, including any creditor or shareholder of the CCAA Parties.

30. **THIS COURT ORDERS** that the Monitor shall not be liable for any employee-related liabilities in respect of the employees of the CCAA Parties, including any successor employer liabilities as provided for in Section 11.8(1) of the CCAA. Nothing in this Order shall cause the Monitor to be liable for any employee-related liabilities in respect of the employees of the CCAA Parties, including wages, severance pay, termination pay, vacation pay, and pension or benefits amounts.

31. **THIS COURT ORDERS** that by fulfilling its obligations hereunder the Monitor shall not be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

32. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations

thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the CCAA Parties with information provided by the CCAA Parties in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the CCAA Parties is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor may agree.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Pre-Filing Agent, the Pre-Filing Lenders, the DIP Agent and the DIP Lenders shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the CCAA Parties, as part of the costs of these proceedings. The CCAA Parties are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel to the DIP Agent on such terms as the parties may agree.

36. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

## ADMINISTRATION CHARGE

37. **THIS COURT ORDERS** that the Monitor (whether in its capacity as Monitor or Foreign Representative) and counsel to the Monitor and Foreign Representative shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of US\$2,000,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 43 and 45 hereof.

## DIP FINANCING

38. **THIS COURT ORDERS** that on or after the date of this Order and until the Comeback Hearing (as defined below), Chesswood Group Limited is hereby authorized and empowered to borrow from the DIP Lenders in accordance with and subject to the terms of the DIP Term Sheet (each an “**Interim Borrowing**” and, collectively, the “**DIP Borrowings**”), provided that (i) such DIP Borrowings shall not, individually or in the aggregate, exceed US\$18,500,000, until further Order of the Court, (ii) between the date of this Order and the Comeback Hearing, such DIP Borrowings shall not, individually or in the aggregate exceed US\$4,000,000, (iii) such DIP Borrowings shall be on terms and subject to the conditions, and accrue interest at the rates, set out in the DIP Term Sheet, and (iv) unless the DIP Agent provides its written waiver, the United States Bankruptcy Court shall have granted an Order pursuant to the Bankruptcy Code: (a) provisionally recognizing, ordering and giving effect to this Order, and the DIP Charge (as defined below) in the United States, and (b) granting such other provisional relief that is sought by the CCAA Parties, at the request of the DIP Agent.

39. **THIS COURT ORDERS** that the Monitor, for and on behalf of and in the name of the CCAA Parties, is authorized to execute and deliver the DIP Term Sheet and such credit agreements, security documents, guarantees, and other definitive documents (collectively, the “**Definitive Documents**”) as may be required by the DIP Agent or the DIP Financing Majority Lenders (as defined in the DIP Term Sheet) in connection with the DIP Facility and the DIP Term Sheet, and the Monitor is authorized, for and on behalf of and in the name of the CCAA Parties, to pay and perform all of the obligations of the CCAA Parties under the DIP Term Sheet

and any Definitive Documents as and when the same become due and are to be performed notwithstanding any other provisions of this Order.

40. **THIS COURT ORDERS** that the DIP Agent shall be entitled to the benefit of and is hereby granted a charge, for and on behalf of the DIP Lenders (the “**DIP Charge**”) on the Property of each of the CCAA Parties, which DIP Charge shall not secure any obligation that exists before this Order is made. The DIP Charge shall have the priority set out in paragraphs 43 to 45 hereof.

41. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Agent may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, Definitive Documents or the DIP Charge, then upon five (5) business days’ notice to the CCAA Parties and the Monitor, the DIP Agent may exercise any and all rights and remedies against the CCAA Parties or the Property pursuant to the DIP Term Sheet, Definitive Documents and DIP Charge, including without limitation, to cease making advances to the CCAA Parties and, subject to further Order of this Court, set off and/or consolidate any amounts owing by the DIP Lenders to any of the CCAA Parties against the obligations of the CCAA Parties to the DIP Lenders under the DIP Term Sheet, Definitive Documents or DIP Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the CCAA Parties or the Property and the appointment of a trustee in bankruptcy of the CCAA Parties; and
- (c) the foregoing rights and remedies of the DIP Agent shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the CCAA Parties or the Property.

42. **THIS COURT ORDERS** that the DIP Agent and DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the CCAA Parties under the



CCAA, or any proposal filed by the CCAA Parties under the *Bankruptcy and Insolvency Act* (the “BIA”) with respect to any DIP Borrowings.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

43. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Charge (collectively, the “Charges”), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of US\$2,000,000); and

Second – DIP Charge.

44. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

45. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts (including deemed or contractual trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “Encumbrances”) in favour of any Person, except any Person who is a “secured creditor” as defined in the CCAA that has not been served with the Notice of Application for this Order. The CCAA Parties shall be entitled, at the Comeback Hearing, on notice to those Persons likely to be affected thereby, to seek priority of the Charges ahead of any Encumbrance over which the Charges may not have obtained priority pursuant to this Order.

46. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the CCAA Parties shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, without the prior written consent of the Monitor, the DIP Agent and the beneficiaries of the Charges (collectively, the “Chargees”), or further Order of this Court.

47. **THIS COURT ORDERS** that the DIP Term Sheet, the Definitive Documents and the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees, the DIP Agent and/or the DIP Lenders thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to the BIA or otherwise, or any bankruptcy order or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the CCAA Parties, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the CCAA Parties of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the CCAA Parties entering into the DIP Term Sheet, the creation of the Charges, the DIP Borrowings, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the CCAA Parties pursuant to this Order, the DIP Term Sheet or the Definitive Documents, including the DIP Borrowings, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

48. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the CCAA Parties’ interests in such real property leases.

## SERVICE AND NOTICE

49. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner (including by electronic message to the email addresses as last shown in the CCAA Parties' books and records), a notice to all known creditors who have a claim against the CCAA Parties of more than \$1000, and (C) prepare a list showing the names and addresses of such creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

50. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL <http://cfcanada.fticonsulting.com/Chesswood> (the "**Monitor's Website**").

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the CCAA Parties and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic message to the CCAA Parties' creditors or other interested parties at their respective addresses as last shown in the books and records of the CCAA Parties and that any such service or distribution shall be deemed to be received on the earlier of (i) the date of forwarding thereof, if

sent by electronic message on or before 5:00 p.m. prevailing Eastern Time (or on the next business day following the date of forwarding thereof is sent on a non-business day; (ii) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. prevailing Eastern Time; or (iii) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail.

52. **THE COURT ORDERS** that the CCAA Parties and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the CCAA Parties' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

### **COMEBACK HEARING**

53. **THIS COURT ORDERS** that the comeback motion in these CCAA proceedings shall be heard on November 7, 2024 at 2:00 p.m. prevailing Eastern Time (the "**Comeback Hearing**").

### **GENERAL**

54. **THIS COURT ORDERS** that the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties hereunder.

55. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the CCAA Parties, the Business or the Property.


56. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the CCAA Parties, the Foreign Representative, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide

such assistance to the CCAA Parties, the Foreign Representative and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the CCAA Parties, the Foreign Representative and the Monitor and their respective agents in carrying out the terms of this Order.

57. **THIS COURT ORDERS** that each of the CCAA Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

58. **THIS COURT ORDERS** that any interested party (including the CCAA Parties and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing on not less than five (5) calendar days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

59. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. prevailing Eastern Time on the date of this Order.

 Digitally signed by  
Jessica Kimmel  
Date: 2024.10.29  
17:47:30 -04'00'

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IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHESSWOOD GROUP LIMITED, et al.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**INITIAL ORDER**

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Lawyers for the Applicant

**APPENDIX “B”**

**Pre-Filing Report**

(see attached)

**Court File No. CV-24-00730212-00CL**

**CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC.**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC., AS PROPOSED MONITOR**

**October 29, 2024**



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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS  
LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING CORPORATION,  
LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC.,  
CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL  
MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO  
INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC.

**PRE-FILING REPORT TO THE COURT**  
**SUBMITTED BY FTI CONSULTING CANADA INC.,**  
**IN ITS CAPACITY AS PROPOSED MONITOR**

**A. INTRODUCTION**

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) understands that Royal Bank of Canada (“**RBC**”), in its capacity as Agent (defined below), intends to make an application (“**Initial Application**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an initial order (the “**Proposed Initial Order**”) in respect of Chesswood Group Limited (“**Chesswood**” or the “**Borrower**”), a Canadian public company listed under the symbol TSX:CHW, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. (collectively, the “**Chesswood Group**”, the “**Company**” or the “**CCAA Parties**”), *inter alia*, granting a stay of proceedings (the “**Stay of Proceedings**”)

against the CCAA Parties until and including November 8, 2024, appointing FTI as Monitor with the enhanced powers set forth in the Proposed Initial Order, and approving the DIP Facility (as defined below). The proceedings to be commenced by the Agent will be referred to herein as the “**CCAA Proceedings**”.

2. The purpose of this pre-filing report of the Proposed Monitor (the “**Pre-Filing Report**”) is to provide the Court with information pertaining to:
  - (a) FTI’s qualifications to act as Monitor, if appointed;
  - (b) the activities of FTI and its counsel, Osler Hoskin and Harcourt LLP (“**Osler**”) to date;
  - (c) consolidated cash flow projections of the Chesswood Group’s receipts and disbursements to January 31, 2025 (the “**Cash Flow Projection**”) and the reasonableness thereof, in accordance with section 23(1)(b) of the CCAA;
  - (d) key terms of a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Facility**”) and a corresponding charge in respect thereof (the “**DIP Charge**”);
  - (e) the proposed administration charge (the “**Administration Charge**”);
  - (f) a discussion of the intended next steps in the CCAA Proceedings, including relief that the Proposed Monitor understands the Agent intends to seek at a comeback hearing (the “**Comeback Hearing**”) on November 7, 2024 at 2:00 p.m. prevailing Eastern Time if the requested Proposed Initial Order is granted; and
  - (g) FTI’s views with respect to the proposed CCAA Proceedings and certain of the relief sought in the Proposed Initial Order.

## **B. TERMS OF REFERENCE**

3. In preparing this Pre-Filing Report, the Proposed Monitor has relied upon audited and unaudited financial information of the Chesswood Group’s books and records, certain financial information and forecasts prepared by the Chesswood Group, discussions with various parties, including senior management (“**Management**”) of, and advisors to, the

Chesswood Group, and information and documentation provided by Blakes (defined below) and the Agent (collectively, the “**Information**”).

4. Except as otherwise described in this Pre-Filing Report:
  - (a) the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - (b) the Proposed Monitor has not examined or reviewed the financial forecasts or projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
5. Future-oriented financial information reported in, or relied on, in preparing this Pre-Filing Report is based on Management’s assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
6. The Proposed Monitor has prepared this Pre-Filing Report in connection with the Initial Application. The Pre-Filing Report should not be relied on for any other purpose.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars (“**USD**”).
8. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the affidavit of Wenwei (Wendy) Chen, the Director, Special Loans and Advisory Services, Capital Markets, at RBC, filed in support of the Initial Application (the “**Chen Affidavit**”). The Chen Affidavit sets out detailed information with respect to the Chesswood Group’s business and operations, as well as the causes of its ongoing financial distress that led to the Agent’s application for the Proposed Initial Order. The Proposed Monitor notes its understanding that, since the swearing of the Chen Affidavit, the Chesswood Group has provided consents to immediate enforcement under the Credit Agreement (as defined below), which are attached as Appendix “A”.

**C. FTI'S QUALIFICATIONS TO ACT AS PROPOSED MONITOR**

9. On June 17, 2024, Blake, Cassels & Graydon LLP (“**Blakes**”), legal counsel to RBC, in its capacity as administrative agent and as collateral agent (the “**Agent**”) under a second amended and restated credit agreement dated as of January 14, 2022, as amended by a first amending agreement dated as of March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated as of June 30, 2023, a fifth amending agreement dated as of December 22, 2023 and a sixth amending agreement dated as of June 21, 2024 (as may be further amended, modified, supplemented, restated or replaced from time to time, the “**Credit Agreement**”) among the Agent, the Borrower and a lending group (the “**Lending Group**”), engaged FTI to provide financial advisory services in respect of the Chesswood Group (the “**Prior Engagement**”). FTI developed a preliminary understanding of the financial and operational challenges of the Chesswood Group during the Prior Engagement, which will assist FTI to fulfill its duties as Monitor, if appointed.
10. FTI has experience acting as a CCAA monitor and in other court-officer capacities in insolvency proceedings. Jeffrey Rosenberg, a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, leads the FTI team with carriage of this matter.
11. The Chesswood Group consented to the Prior Engagement and agreed that it would not assert any objection to the appointment of FTI by the Court to act as Monitor based on any claim of conflict related to the Prior Engagement. The Proposed Monitor understands that, as a formal matter, Blakes will terminate the Prior Engagement upon the entry of the Proposed Initial Order.
12. Neither FTI, nor any of its representatives or affiliates, have been at any time in the past two years:
  - (a) a director, officer or employee of any member of the Chesswood Group;
  - (b) related to any member of the Chesswood Group, or to any director or officer of any member of the Chesswood Group; or

- (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Chesswood Group.
13. At no time has FTI had any involvement with any member of the Chesswood Group other than as set out herein. A retainer of \$100,000 has been received by the Proposed Monitor. The Proposed Monitor’s Canadian counsel expects to receive a retainer of \$50,000.
14. FTI has consented to act as Proposed Monitor should this Court grant the Proposed Initial Order. A copy of FTI’s consent to act as Proposed Monitor is attached as Exhibit “S” to the Chen Affidavit.

**D. CASH FLOW PROJECTION**

15. The Cash Flow Projection is attached as Appendix “B” to this Pre-Filing Report. The Cash Flow Projection covers the 14-week period ending January 31, 2025.
16. The Cash Flow Projection shows a net cash outflow of \$70.8 million, including an operational net cash outflow of approximately \$13.0 million, loan repayments of \$42.5 million, interest expenses and fees of \$2.9 million, and professional fees of \$12.4 million for that period. The Cash Flow Projection is summarized below:

*(\$USD in thousands)*

Forecast Week	14 Week Total
<b>Receipts</b>	
Receipts from Securitization Assets	\$ 37,642
Receipts from Financing Instrument Receivables	7,407
<b>Total Receipts</b>	<b>\$ 45,049</b>
<b>Disbursements</b>	
<i>Operating Disbursements</i>	
Disbursements from Securitization Assets	(40,128)
Collections Expense	(2,618)
Payroll	(6,801)
Other Operating Expenses	(8,513)
<b>Total Operating Disbursements</b>	<b>\$ (58,060)</b>
<b>Net Cash from Operations</b>	<b>\$ (13,011)</b>
<i>Financing Disbursements</i>	
Loan Advances (Repayments)	(42,499)
Interest Expenses	(2,883)
<i>Restructuring Disbursements</i>	
Restructuring Legal and Professional Costs	(12,366)
<b>Net Cash Flows</b>	<b>\$ (70,759)</b>
<b>Cash</b>	
Beginning Balance	\$ 8,150
Net Receipts/ (Disbursements)	(70,759)
DIP Advances/ (Repayments)	64,479
DIP Fees & Interest	(871)
<b>Ending Balance</b>	<b>\$ 1,000</b>

17. As shown in the Cash Flow Projection, the Chesswood Group will require additional funding totalling approximately \$65.0 million during the 14-week period ending January 31, 2025. The ending cash balance at January 31, 2025, is expected to be approximately \$1.0 million. The DIP Facility is described in greater detail below.
18. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports to the Court as follows:
  - (a) the Proposed Monitor has reviewed the Cash Flow Projection, which was prepared by Management for the purpose described in notes to the Cash Flow Projection (the “**Projection Notes**”), using the probable assumptions and hypothetical assumptions set out therein;
  - (b) the review consisted of inquiries, analytical procedures and discussion related to information provided by certain members of Management and employees of the Chesswood Group. Since hypothetical assumptions need not be supported, the Proposed Monitor’s procedures with respect to the hypothetical assumptions were limited to evaluating whether the hypothetical assumptions were consistent with the purpose of the Cash Flow Projection. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Cash Flow Projection;
  - (c) based on that review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that:
    - (i) the hypothetical assumptions are inconsistent with the purpose of the Cash Flow Projection;
    - (ii) the probable assumptions are not suitably supported or consistent with the plans of the Chesswood Group or do not provide a reasonable basis for the Cash Flow Projection, given the hypothetical assumptions; or

- (iii) the Cash Flow Projection does not reflect the probable and hypothetical assumptions.
- (d) since the Cash Flow Projection is based on assumptions regarding future events, actual results will vary from the projection even if the hypothetical assumptions occur. Those variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Projection will be achieved. The Proposed Monitor also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and
- (e) the Cash Flow Projection has been prepared solely for the purpose described in the Projection Notes. The Cash Flow Projection should not be relied upon for any other purpose.

#### **E. DIP FINANCING**

- 19. As noted above, based on the Cash Flow Projection the CCAA Parties will require interim financing in order to maintain sufficient liquidity to continue operations during these CCAA Proceedings. The Proposed Initial Order authorizes the execution of the term sheet attached hereto as Appendix “C” (the “**DIP Term Sheet**”) pursuant to which the DIP Facility will be provided. The Agent has advised FTI that the willingness of the lenders under the DIP Term Sheet (collectively, the “**DIP Lenders**”) to provide the DIP Facility is predicated on the Court granting the Proposed Initial Order, including the proposed DIP Charge.
- 20. The Proposed Monitor and Osler have reviewed the terms of the DIP Term Sheet and participated in a number of discussions with the Agent, the DIP Lenders, and their counsel.
- 21. The principal terms of the DIP Term Sheet including, without limitation, the following:<sup>1</sup>

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<sup>1</sup> Capitalized terms in this summary that are not otherwise defined herein have the meanings ascribed thereto in the DIP Term Sheet.



- (a) **Borrower:** Chesswood Group Limited.
- (b) **Guarantors:** Each guarantor under the Credit Agreement (“**DIP Guarantors**”) will provide a guarantee in respect of all existing and future indebtedness owing in connection with the DIP Facility owed or owing by the Borrower to RBC, in its capacity as administrative agent and collateral agent in respect of the DIP Facility (in such capacity, the “**DIP Agent**”), and the DIP Lenders.
- (c) **Principal Amount:** The DIP Facility is to be made in an initial amount not to exceed \$4,000,000 (the “**Initial Advance**”) prior to the Comeback Hearing and will increase to an aggregate maximum amount of \$65,000,000 (“**Maximum Amount**”), provided that prior to receiving the Final Recognition Order the aggregate amount available will be limited to \$18,500,000.
- (d) **Interest Rates:** Advances are made available: (i) in Canadian dollars based on the Canadian Prime Rate (as defined in the Credit Agreement) plus an applicable margin of 400 bps per annum; and (ii) in United States dollars based on the U.S. Prime Rate (as defined in the Credit Agreement) plus an applicable margin of 400 bps per annum. Interest is calculated daily and payable in arrears on the last Business Day (as defined in the Credit Agreement) of each calendar month.
- (e) **Fees:** Fees include: (i) an upfront fee of \$420,000 (“**Upfront Fee**”), which fee is to be allocated to each DIP Lender based on its commitment in respect of the DIP Facility and which is due and payable immediately following the granting of the ARIO (as defined below), and (ii) an annual administrative fee of CAD\$30,000 payable to the DIP Agent (“**DIP Agent Fee**”) after the granting of the ARIO.
- (f) **Mandatory Repayment:** Provided the Proposed Monitor is satisfied that there is sufficient cash reserves in Chesswood and the DIP Guarantors’ bank accounts to satisfy amounts secured by certain Permitted Priority Liens and, after giving effect to the DIP Amounts, amounts in the Agreed Budget, Chesswood and the DIP guarantors are required to, from and after the ARIO, use all excess cash as of 12:00 pm (Toronto time) on Friday of each week to repay the following in the following

order: (a) first, the obligations of Chesswood and the DIP Guarantors in connection with the Credit Agreement until paid in full, and (b) second, the obligations in connection with the DIP Facility.

- (g) **Maturity Date:** The earlier of: (a) March 31, 2025; (b) the effective date of a plan of compromise or arrangement that is in form and substance acceptable to the DIP Agent and DIP Lenders; (c) the closing of the sale of all or substantially all of the assets of the Loan Parties pursuant to agreements of purchase and sale satisfactory to the DIP Agent and DIP Lenders; and (d) the date of acceleration of the obligations under the DIP Financing Credit Agreement (if any) and termination of the DIP Facility commitments.
  
- (h) **Conditions to Initial Advance:** Among other things, (i) execution of the DIP Term Sheet by the parties thereto, (ii) granting by the Court of the Proposed Initial Order, (iii) a motion of the foreign representative of the Loan Parties for entry of the Provisional Order and Final Recognition Order shall have been filed in the U.S. Court; (iv) unless the DIP Agent provides its written waiver, the U.S. Court shall have issued a Provisional Order pursuant to Chapter 15, (v) the DIP Lenders shall have received the Agreed Budget and such Agreed Budget shall be approved by the DIP Financing Majority Lenders; (vi) all of the representations and warranties of the Loan Parties as set forth in the DIP Financing Credit Agreement (if any) are true and accurate in all material respects; (vii) no Event of Default under the DIP Term Sheet has occurred or will occur as a result of the initial advance; and (viii) there are no Liens ranking *pari passu* or in priority to the DIP Charge, other certain Permitted Priority Liens.
  
- (i) **Conditions to Subsequent Advances:** Among other things, (i) the Court shall have issued an amended and restated initial order (“**ARIO**”), in form and substance satisfactory to the DIP Agent, acting reasonably, (ii) no Event of Default has occurred or will occur as a result of such DIP advance, (iii) such DIP advance shall not cause the aggregate amount of all outstanding DIP advances to: (I) exceed the Maximum Amount or (II) be greater than the amount shown for the total aggregate

DIP advances on the Agreed Budget for the applicable time period, and (iv) the Upfront Fee and DIP Agent Fee shall have been paid.

- (j) **Existing Credit Agreement Maximum:** It is a condition precedent to all advances after the Initial Advance that, after giving effect to such advance, the aggregate principal amount outstanding under the Credit Agreement, less any repayment from sources other than advances under the DIP Facility, plus the aggregate principal amount outstanding under the DIP Facility shall not exceed \$165,293,169.65.
  - (k) **Use of Proceeds:** To provide for the short-term liquidity needs of the Chesswood Group pursuant to the Agreed Budget during the CCAA Proceedings and Chapter 15 proceedings, including, without limitation, the payment of interest in accordance with the terms of the Credit Agreement and the payment of the DIP Agent and the DIP Lenders' fees and expenses. Chesswood may also make intercompany loans to the DIP Guarantors and other subsidiaries of Chesswood in accordance with the terms of the DIP Term Sheet.
  - (l) **Events of Default:** The DIP Term Sheet sets out various Events of Default, which include, among other things, failure to abide by specified milestones in these CCAA Proceedings.
  - (m) **Remedies of DIP Lender:** The DIP Term Sheet sets out various remedies available upon the occurrence and continuance of any Event of Default, upon written notice to the Borrower and the Monitor and subject to the requirements of any Restructuring Court Order, including, among other things, seeking the appointment of a receiver, interim receiver, receiver and manager or similar official.
22. Attached as Appendix "D" is a chart of the observed interest for various DIP loans provided in other CCAA proceedings, ranging in size from approximately \$15 million to \$60 million, for the period between 2020 to 2024 ("**DIP Comparison Period**"), which are summarized in the table below:

	Interest	DIP Fees as a % of DIP Loan
Maximum	14.0%	2.5%
Average	10.1%	1.1%
Minimum	5.0%	0.2%

23. As noted above, the proposed DIP Facility (i) has an interest rate of Canadian Prime Rate plus an applicable margin of 400 bps per annum, currently 9.95% on Canadian Dollar borrowings, and U.S. Prime Rate plus an applicable margin of 400 bps per annum, currently 12% on U.S. Dollar borrowings, and (ii) contains the Upfront Fee and DIP Agent Fee.
24. Based on the experience of the Proposed Monitor and on the information available to it, the Proposed Monitor is of the view that the interest rates provided in the DIP Term Sheet are within a reasonable range of the average for DIP loans during the DIP Comparison Period and that the proposed fees as a percentage of the DIP Facility are within a reasonable range when compared to other DIP loans during the DIP Comparison Period.
25. Due to recent unsuccessful attempts to sell parts of the Chesswood Group, the required timing of the commencement of these proceedings and the Chesswood Group's liquidity situation, there was no ability to canvass the market for DIP alternatives. Further, given the nature of the liquidity situation, complex nature of the assets, recent issues and difficulties of similar businesses within the industry, it is unlikely that an alternative lender (i.e., other than the DIP Lenders, which are comprised of the Chesswood Group's pre-filing lenders) would be willing to provide a DIP facility on terms that are more favourable than those contemplated by the DIP Term Sheet and in a timely fashion. In the Proposed Monitor's view, the DIP Term Sheet represents the only current available alternative to the Chesswood Group which will allow the CCAA Parties the ability to continue ongoing operations during the CCAA Proceedings.
26. The Proposed Initial Order provides for the DIP Charge with respect to the obligations under the DIP Facility. The purpose of the DIP Charge is to secure the DIP Facility and provide the Agent with priority over all other liens on the Property, other than the

Administration Charge or liens held by secured creditors that are not served with the Notice of Application for the Proposed Initial Order.

27. The Proposed Monitor is of the view that the amount of the DIP Charge is supported by the Cash Flow Projection and reasonable in the circumstances.
28. With respect to the mandatory repayments noted above, FTI has requested that its counsel, being Osler (in Canada) and Alston & Bird LLP (in the US), conduct a security review with respect to the obligations outstanding under the Credit Agreement and related guarantees and security documents. Counsel has verbally confirmed to FTI that, subject to customary restrictions, assumptions and qualifications, and based on the Information, such security constitutes valid and enforceable security in Ontario, Alberta, Colorado, Delaware, New York and Utah (being the jurisdictions in which FTI understands that CCAA Parties are formed and/or have assets), and that necessary registrations have been made in such jurisdictions in order to perfect or register such security. FTI expects to receive written opinions from counsel confirming the above verbal opinions in the near term. Any interested party in the CCAA proceedings that wishes to review such opinions, once prepared, may contact FTI to request a copy thereof.
29. It is anticipated that FTI, if appointed as Monitor, will seek the issuance of an order (the “**Interim Recognition Order**”) under Chapter 15 of the United States Bankruptcy Code to recognize and enforce these CCAA proceedings in the U.S. and protect against any potential adverse action taken by the Chesswood Group’s U.S. creditors and stakeholders. The Proposed Initial Order provides for approval of DIP Facility advances of up to \$18,500,000, notwithstanding the value of the Initial Advance, because approximately \$18,500,000 is the amount projected to be required under the Cash Flow Projection prior to the entry of the Final Recognition Order by the United States Bankruptcy Court, and such hearing in the United States will not occur until after the Comeback Hearing. As such, the Agent is seeking approval of \$18,500,000 of borrowings to ensure that sufficient funding is approved by way of the Interim Recognition Order in the United States Bankruptcy Court to ensure sufficient liquidity until the Final Recognition Order is obtained.

30. The Proposed Monitor has also considered the facts and circumstances giving rise to the CCAA Proceedings and section 11.2(4) of the CCAA. In particular:
- (a) based on the Information available to the Proposed Monitor, the Chesswood Group has a critical and immediate need for interim financing. Without access to the DIP Facility, based on the Cash Flow Projection, the Chesswood Group would be unable to maintain their operations;
  - (b) the financing to be provided is consistent with the forecasted liquidity needs of the Chesswood Group during that period; and
  - (c) the proposed proceeding cannot move forward without the DIP Facility and, as a result, the DIP Facility enhances the prospects of a viable restructuring in the Proposed Monitor's view.

**F. ADMINISTRATION CHARGE**

31. The Proposed Initial Order provides for an Administration Charge in the amount of \$2 million on the Chesswood Group's assets to secure the fees and disbursements of the Monitor and its counsel (in each case whether in its capacity as Monitor or foreign representative in the Chapter 15 proceedings) incurred both before, on, and after the commencement of the CCAA Proceedings.
32. The Proposed Monitor is of the view that the Administration Charge is reasonable and appropriate in the circumstances having considered, among other things, the work completed to date in preparation for the CCAA proceedings and that it is limited to an amount necessary to ensure that the beneficiaries thereof have protection to the date of the Comeback Hearing.

**G. ANTICIPATED NEXT STEPS IN THE CCAA PROCEEDINGS**

33. At the Comeback Hearing, it is expected that the Chesswood Group will request:
- (a) approval of an increased DIP Facility to \$65 million and corresponding increase to the DIP Charge;

- (b) approval of a key employee retention plan and related charge; and
  - (c) an extension of the Stay of Proceedings to January 31, 2025.
34. If appointed, FTI (in its then capacity as Monitor) intends to file a further report prior to the Comeback Hearing providing recommendations in respect of such relief and any other relief that may be sought by the Agent.
35. Subject to being appointed as Monitor and the granting of the Proposed Initial Order, FTI will post materials in connection with the CCAA Proceedings on the Monitor's website at <http://cfcanada.fticonsulting.com/chesswood>.

#### **H. RECOMMENDATIONS**

36. The Proposed Monitor is of the view that the CCAA Parties are insolvent and that the relief requested by the Agent is appropriate. Accordingly, the Proposed Monitor respectfully recommends that this Court grant the Proposed Initial Order.

All of which is respectfully submitted this 29<sup>th</sup> day of October, 2024.

FTI Consulting Canada Inc.

In its capacity as Proposed Monitor of Chesswood Group Limited, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. and not in its personal or corporate capacity



Jeffrey Rosenberg  
Senior Managing Director



Jodi Porepa  
Senior Managing Director



**APPENDIX "A"**

**Consents**

(see attached)



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
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**Kelly Bourassa**

Partner

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October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Chesswood Group Limited  
1133 Yonge Street, Suite 603  
Toronto, Ontario  
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Group Limited (the "**Borrower**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (c) a waiver dated August 20, 2024 (the "**August Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent; and

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- (d) a security agreement dated as of December 8, 2014, by the Borrower to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower’s Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower’s CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower’s failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management’s discussion and analysis and associated certifications

with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and

- (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.

5. Pursuant to Section 10.2 of the Credit Agreement, upon the occurrence and during the continuance of an Event of Default, the Agent may, on behalf of the Lenders, by written notice: (i) terminate the Lenders' obligations to make further Accommodations under the Credit Facilities; and (ii) declare all Credit Obligations, including principal, interest, fees, and other amounts (whether matured or unmatured), to be immediately due and payable, without further demand, presentation, protest, or other notice of any kind, all of which are expressly waived by the Borrower.
6. Accordingly, the Agent, on behalf of the Lenders, hereby terminates the Lenders' obligations to make further Accommodations under the Credit Facilities, declares the Credit Obligations immediately due and payable and demands payment from the Borrower of all Credit Obligations, with interest at the applicable rates under the Credit Agreement, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other

indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the “**Outstanding Indebtedness**”).

7. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders’ rights and remedies against the Borrower under the Credit Agreement and the Security Agreement.
8. We enclose Notices of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Borrower’s waiver of the notice period referred to therein if they choose to permit the same.

Yours truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CHESSWOOD GROUP LIMITED**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**

per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Chesswood Group Limited hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CHESSWOOD GROUP LIMITED**

By:  \_\_\_\_\_  
Name:  
Title:



## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Case Funding Inc.  
251 Little Falls Drive  
Wilmington, Delaware  
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Case Funding Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the “**Guarantee**”);
  - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

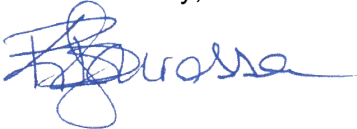
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
  6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CASE FUNDING INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

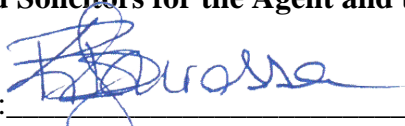
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**

  
per: \_\_\_\_\_  
Name: Kelly Bourassa  
Title: Partner




WAIVER

Case Funding Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CASE FUNDING INC.**

By:   
Name: \_\_\_\_\_  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
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Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Chesswood Holdings Ltd.  
1133 Yonge Street, Suite 603  
Toronto, Ontario  
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Holdings Ltd. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

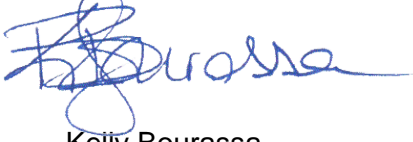
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management’s discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower’s failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the “**OSC Event of Default**”). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
- (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower’s failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the “**Financial Reporting Default and Potential Future Event of Default**”). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule “**A**” hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders’ rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the “**Outstanding Indebtedness**”).

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CHESSWOOD HOLDINGS LTD.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

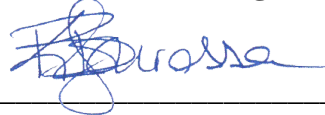
3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.



DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Chesswood Holdings Ltd. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CHESSWOOD HOLDINGS LTD.**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Chesswood US Acquisitionco Ltd.  
251 Little Falls Drive  
Wilmington, Delaware  
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood US Acquisitionco Ltd. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

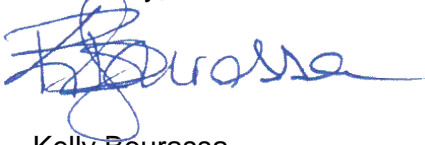
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CHESSWOOD US ACQUISITIONCO LTD.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

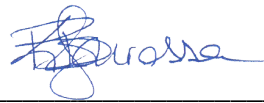
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Chesswood US Acquisitionco Ltd. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CHESSWOOD US ACQUISITIONCO LTD.**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Pawnee Leasing Corporation  
1900 W Littleton Blvd  
Littleton, Colorado  
80120

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Pawnee Leasing Corporation (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

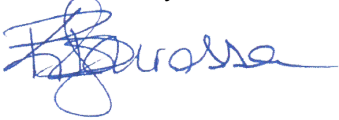
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
  6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)



## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **PAWNEE LEASING CORPORATION**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

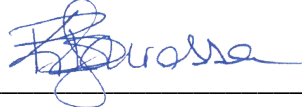
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Pawnee Leasing Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**PAWNEE LEASING CORPORATION**

By:                       
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Lease-Win Limited  
1133 Yonge Street, Suite 603  
Toronto, Ontario  
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Lease-Win Limited (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
  - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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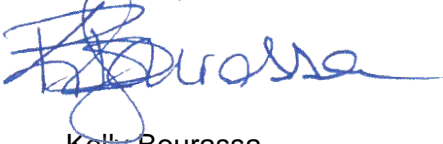
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").



7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	USD 411,972.46
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	CAD 452,948.84
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	USD 4,000,000.00
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	USD 6,301.37
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **LEASE-WIN LIMITED**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

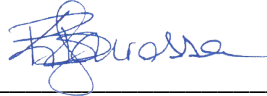
2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Lease-Win Limited hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**LEASE-WIN LIMITED**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Windset Capital Corporation  
251 Little Falls Drive  
Wilmington, Delaware  
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Windset Capital Corporation (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default



until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

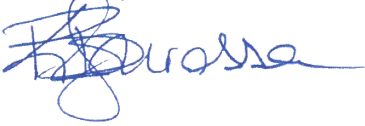
- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
  6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").
  7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November

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7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.

8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **WINDSET CAPITAL CORPORATION**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

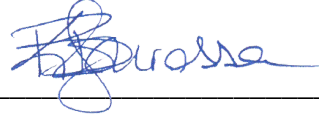
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_


Name: Kelly Bourassa  
Title: Partner

WAIVER

Windset Capital Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**WINDSET CAPITAL CORPORATION**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Tandem Finance, Inc.  
1900 W Littleton Blvd,  
Littleton, Colorado  
80120

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Tandem Finance, Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the “**Guarantee**”);
  - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

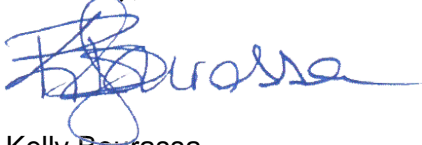
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **TANDEM FINANCE, INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Tandem Finance, Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**TANDEM FINANCE, INC.**

By:   
Name: \_\_\_\_\_  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
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<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.





Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Chesswood Capital Management Inc.  
66 Wellington Street West  
TD Bank Tower, 5300  
Toronto, Ontario  
M5K 1E6

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Capital Management Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of December 21, 2021, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

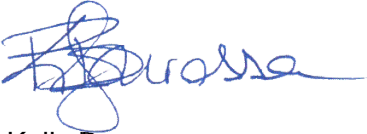
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of December 21, 2021, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	USD 411,972.46
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	CAD 452,948.84
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	USD 4,000,000.00
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	USD 6,301.37
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CHESSWOOD CAPITAL MANAGEMENT INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 21, 2021, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

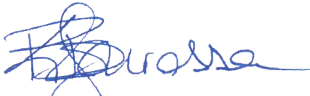
2. The security that is to be enforced is in the form of a security agreement dated as of December 21, 2021, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**


per:   
Name: Kelly Bourassa  
Title: Partner

WAIVER

Chesswood Capital Management Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CHESSWOOD CAPITAL MANAGEMENT  
INC.**

By:  \_\_\_\_\_  
Name:  
Title:



## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Chesswood Capital Management USA Inc.  
251 Little Falls Drive  
Wilmington, Delaware  
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Capital Management USA Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

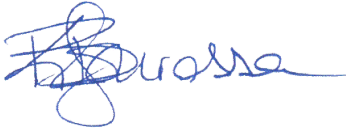
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
  - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
  6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **CHESSWOOD CAPITAL MANAGEMENT USA INC.**, an insolvent person  
(the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

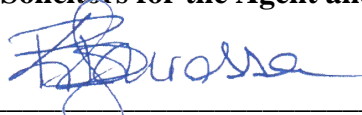
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_  
Name: Kelly Bourassa  
Title: Partner




WAIVER

Chesswood Capital Management USA Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**CHESSWOOD CAPITAL MANAGEMENT  
USA INC.**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
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<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Rifco National Auto Finance Corporation  
4000-421 7 Ave SW  
Calgary, Alberta  
T2P 4K9

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Rifco National Auto Finance Corporation (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **RIFCO NATIONAL AUTO FINANCE CORPORATION**, an insolvent person  
(the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of a security agreement dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

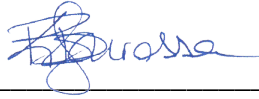
3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.



DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Rifco National Auto Finance Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**RIFCO NATIONAL AUTO FINANCE  
CORPORATION**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Rifco Inc.  
4000-421 7 Ave SW  
Calgary, Alberta  
T2P 4K9

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Rifco Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
  - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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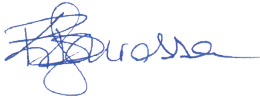
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	USD 411,972.46
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	CAD 452,948.84
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	USD 4,000,000.00
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	USD 6,301.37
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **RIFCO INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

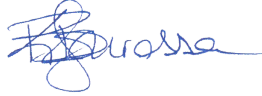
2. The security that is to be enforced is in the form of a security agreement dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_


Name: Kelly Bourassa  
Title: Partner

WAIVER

Rifco Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**RIFCO INC.**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

Waypoint Investment Partners Inc.  
1133 Yonge Street, Suite 603  
Toronto, Ontario  
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Waypoint Investment Partners Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of July 13, 2022, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
  - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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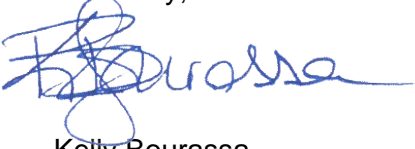
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of July 13, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
  - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)



## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	USD 411,972.46
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	CAD 452,948.84
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	USD 4,000,000.00
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	USD 6,301.37
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **WAYPOINT INVESTMENT PARTNERS INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of July 13, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

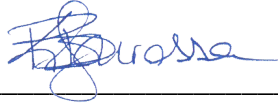
2. The security that is to be enforced is in the form of a security agreement dated as of July 13, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa


Title: Partner

WAIVER

Waypoint Investment Partners Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**WAYPOINT INVESTMENT PARTNERS  
INC.**

By:   
Name: \_\_\_\_\_  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
<b>Interest</b>	<b>CAD 452,948.84</b>
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	<b>USD 4,000,000.00</b>
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

**VIA REGISTERED MAIL**

Reference: 22043/965

1000390232 Ontario Inc.  
1133 Yonge Street, Suite 603  
Toronto, Ontario  
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

**RE: Demand for Payment**

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise 1000390232 Ontario Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
  - (b) a guarantee dated as of February 15, 2023, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
  - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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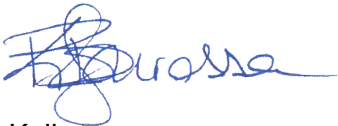
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
  - (e) a security agreement dated as of February 15, 2023, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
  - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
  - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
  - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management’s discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower’s failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the “**OSC Event of Default**”). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
- (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower’s failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the “**Financial Reporting Default and Potential Future Event of Default**”). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule “**A**” hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders’ rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the “**Outstanding Indebtedness**”).



7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client  
Jamey Gage (McCarthy Tetrault)

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
Interest	USD 411,972.46
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
Interest	CAD 452,948.84
<b>Documentary Credits (LCs)</b>	<b>CAD 6,600,000.00</b>
	USD 4,000,000.00
<b>LC Fee</b>	<b>CAD 10,397.27</b>
	USD 6,301.37
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**Form 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**

*(Section 244 of the Bankruptcy and Insolvency Act)*

TO: **1000390232 ONTARIO INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of February 15, 2023, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

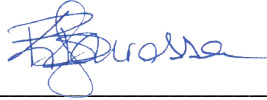
2. The security that is to be enforced is in the form of a security agreement dated as of February 15, 2023, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28<sup>th</sup> day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Agent and the Lenders,**



per: \_\_\_\_\_

Name: Kelly Bourassa

Title: Partner

WAIVER

1000390232 Ontario Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29<sup>th</sup> day of October, 2024.

**1000390232 ONTARIO INC.**

By:  \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
<b>Credit Facility:</b>	
<b>a) US Prime Rate Advances</b>	<b>USD 65,834,462.12</b>
<b>Interest</b>	<b>USD 411,972.46</b>
<b>b) Canadian Prime Rate Advances</b>	<b>CAD 92,334,580.61</b>
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<b>LC Fee</b>	<b>CAD 10,397.27</b>
	<b>USD 6,301.37</b>
<b>Commitment Fee</b>	<b>USD 1,987.35</b>

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

**APPENDIX “B”**  
**Cash Flow Projection**

(see attached)

## Chesswood Group Limited

### Consolidated Cash Flow Forecast

(\$USD in thousands)

Forecast Week Ending (Friday)	01-Nov-24	08-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	06-Dec-24	13-Dec-24	20-Dec-24	27-Dec-24	03-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	14 Week	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
<b>Receipts</b>																
Receipts from Securitization Assets	[2]	\$ 2,573	\$ 2,177	\$ 6,042	\$ 1,410	\$ 733	\$ 3,751	\$ 1,305	\$ 5,881	\$ 645	\$ 3,711	\$ 1,307	\$ 5,514	\$ 1,313	\$ 1,279	\$ 37,642
Receipts from Financing Instrument Receivables	[3]	767	372	925	276	292	797	270	880	281	777	263	882	264	360	7,407
<b>Total Receipts</b>		\$ 3,340	\$ 2,550	\$ 6,967	\$ 1,687	\$ 1,024	\$ 4,548	\$ 1,575	\$ 6,761	\$ 926	\$ 4,488	\$ 1,571	\$ 6,396	\$ 1,577	\$ 1,639	\$ 45,049
<b>Disbursements</b>																
<i>Operating Disbursements</i>																
Disbursements from Securitization Assets	[4]	(8,362)	(677)	(3,313)	(400)	(700)	(9,044)	-	(3,706)	(700)	(8,214)	(613)	(3,299)	(400)	(700)	(40,128)
Collections Expense	[5]	(322)	(60)	(214)	(209)	(187)	(180)	(214)	(176)	(155)	(186)	(213)	(182)	(155)	(166)	(2,618)
Payroll	[6]	(528)	(133)	(726)	(99)	(573)	(99)	(711)	(110)	(536)	(150)	(381)	(236)	(476)	(2,044)	(6,801)
Other Operating Expenses	[7]	(1,055)	(523)	(615)	(606)	(638)	(559)	(613)	(527)	(476)	(613)	(631)	(550)	(487)	(619)	(8,513)
<b>Total Operating Disbursements</b>		\$ (10,268)	\$ (1,393)	\$ (4,868)	\$ (1,313)	\$ (2,099)	\$ (9,881)	\$ (1,538)	\$ (4,519)	\$ (1,867)	\$ (9,163)	\$ (1,837)	\$ (4,267)	\$ (1,518)	\$ (3,529)	\$ (58,060)
<b>Net Cash from Operations</b>		\$ (6,928)	\$ 1,157	\$ 2,098	\$ 373	\$ (1,074)	\$ (5,333)	\$ 37	\$ 2,242	\$ (941)	\$ (4,675)	\$ (267)	\$ 2,129	\$ 59	\$ (1,890)	\$ (13,011)
<i>Financing Disbursements</i>																
Loan Advances (Repayments)	[8]	-	(3,340)	(6,967)	(1,687)	(1,024)	(4,548)	(1,575)	(6,761)	(926)	(4,488)	(1,571)	(6,396)	(1,577)	(1,639)	(42,499)
Interest Expenses	[9]	(988)	-	-	-	-	(1,107)	-	-	-	(788)	-	-	-	-	(2,883)
<i>Restructuring Disbursements</i>																
Restructuring Legal and Professional Costs	[10]	(1,099)	(1,356)	(1,519)	(1,381)	(973)	(973)	(901)	(685)	(685)	(559)	(559)	(559)	(559)	(559)	(12,366)
<b>Net Cash Flows</b>		\$ (9,015)	\$ (3,539)	\$ (6,387)	\$ (2,695)	\$ (3,072)	\$ (11,961)	\$ (2,439)	\$ (5,204)	\$ (2,551)	\$ (10,510)	\$ (2,396)	\$ (4,825)	\$ (2,076)	\$ (4,087)	\$ (70,759)
<b>Cash</b>																
Beginning Balance		\$ 8,150	\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 8,150
Net Receipts/ (Disbursements)		(9,015)	(3,539)	(6,387)	(2,695)	(3,072)	(11,961)	(2,439)	(5,204)	(2,551)	(10,510)	(2,396)	(4,825)	(2,076)	(4,087)	(70,759)
DIP Advances/ (Repayments)	[11]	2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
DIP Fees & Interest	[12]	-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
<b>Ending Balance</b>		\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>DIP Facility</b>																
Opening Balance		\$ -	\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ -
(+) Additional DIP Draws (Repayments)		2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
(+) Accrued Interest & Fees		-	456	13	26	32	39	65	70	82	87	110	116	126	131	1,354
(-) Fees & Interest Payment		-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
<b>Closing Balance (DIP &amp; Interest)</b>		\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ 64,963	\$ 64,963
<b>Debt</b>																
DIP Balance		-	2,655	5,860	12,260	14,981	18,085	30,085	32,589	37,864	40,497	51,094	53,600	58,542	60,744	64,963
Revolver Balance		141,293	141,526	138,419	131,681	130,211	129,402	123,960	122,589	116,030	115,295	110,210	108,821	102,604	101,197	99,725
<b>Total Debt</b>		\$ 141,293	\$ 144,182	\$ 144,279	\$ 143,940	\$ 145,192	\$ 147,487	\$ 154,045	\$ 155,178	\$ 153,894	\$ 155,792	\$ 161,304	\$ 162,421	\$ 161,146	\$ 161,941	\$ 164,687

#### Notes to the Consolidated Cash Flow Forecast:

- [1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of Chesswood Group Limited and its subsidiaries ("Chesswood" or the "Company"). The forecast above is presented in United States Dollars. The forecast 14-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.
- [2] Receipts from Securitization Assets are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are payable to various securitization funders and are not considered funds of Chesswood.
- [3] Receipts from Financing Instrument Receivables are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are collected on assets wholly-owned by Chesswood.
- [4] Payments from Securitization Assets are based on Management's current expectations regarding securitization debt payments. Disbursements have been forecast based on current payment terms, historical trends in underlying asset collections, and expected write-offs.
- [5] Collections Expense represents costs incurred to recover on previously charged-off loan/lease assets.
- [6] Forecast Payroll is based on historical payroll amounts and future forecasted payments including accrued vacation and a potential Key Employee Retention Plan for retained employees
- [7] Forecast Other Operating Expenses includes general and administrative expenses including IT, Rent, Insurance, and other costs necessary for operation
- [8] Forecast Loan Advances (Repayments) reflect the repayment of the Lenders' Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet
- [9] Forecast Interest Expenses & Fees include interest payable on the Lenders' Pre-Filing Obligations.
- [10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors
- [11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of approximately \$1.0 million.
- [12] Forecast DIP Accrued Interest reflects interest accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. An upfront fee is payable after the granting of the Amended and Restated Initial Order



**APPENDIX “C”**

**DIP Term Sheet**

(see attached)

DIP FINANCING PRINCIPAL TERMS SHEET

DATED: October 29, 2024

WHEREAS the Borrower (as defined below) is party to a second amended and restated credit agreement dated as of January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023 and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Pre-Filing Credit Agreement**”) among the Borrower, as borrower, the lenders from time to time party thereto (collectively, the “**Pre-Filing Lenders**”), and Royal Bank of Canada, as administrative agent (the “**Pre-Filing Agent**”);

AND WHEREAS the Borrower requires and the DIP Financing Lenders (as defined below) are willing to provide it with loans to fund the Loan Parties’ restructuring efforts pursuant to debtor-in-possession financing in the context of creditor driven insolvency proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) (the “**CCAA Proceedings**”) under the jurisdiction of the Canadian Court (as defined below);

AND WHEREAS, it is intended that the CCAA Proceedings be recognized by the United States Bankruptcy Court for the Southern District of Delaware under Chapter 15 of Title 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et al.*;

AND WHEREAS, subject to the terms and conditions contained herein (this “**DIP Financing Term Sheet**”), the parties hereto have agreed to the terms and conditions set out below;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **Borrower:** Chesswood Group Limited, an Ontario corporation (the “**Borrower**”).
2. **Guarantors:** All “Guarantors” under the Pre-Filing Credit Agreement, including each of the entities identified on the signature page hereto as “Guarantors” (each a “**Guarantor**” and the obligations of each such Guarantor being its “**Guarantee**”). The Borrower and the Guarantors are collectively referred to herein as the “**Loan Parties**” and individually as a “**Loan Party**”, as applicable.  
  
To the maximum extent permitted by Applicable Law (as defined in the Pre-Filing Credit Agreement), each Guarantor unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness owing hereunder or in connection with the DIP Financing Credit Facility owed or owing by the Borrower to the DIP Agent and the DIP Financing Lenders (the “**Borrower Obligations**”) (and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Borrower Obligations and the said indebtedness, (b) the discharge or release of any liability of the Borrower or any other Person (as defined in the Pre-Filing Credit Agreement) now or hereafter liable on the Borrower Obligations and the said indebtedness, by reason of bankruptcy or insolvency laws or otherwise, (c) the acceptance or release by the DIP Agent or any DIP Financing Lender of any collateral, security or other guaranty from the Borrower or any other Person, or

any settlement, compromise or extension with respect to any such collateral, security or other guarantee, (d) the avoidance, invalidity or unenforceability of the Borrower Obligations or any collateral, security or other guarantee from the Borrower, any Guarantor or any other Person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any Applicable Law in connection with any enforcement of any right or remedy against any collateral, security or other guarantee from the Borrower, any Guarantor or any other Person, or (g) any action or inaction of the DIP Financing Lender in any insolvency proceeding involving the Borrower, any Guarantor or any other Person.

3. **Sole Lead Arranger:** Royal Bank of Canada
4. **Administrative Agent:** Royal Bank of Canada (in such capacity, the “**DIP Agent**”).
5. **Collateral Agent:** Royal Bank of Canada (in such capacity, the “**DIP Collateral Agent**”).
6. **DIP Financing Lenders:** Each of the Pre-Filing Lenders (collectively, the “**DIP Financing Lenders**” and individually each a “**DIP Financing Lender**”). The commitment amount of each DIP Financing Lender is based on its share of the principal amount outstanding under the Pre-Filing Credit Agreement and is more particularly set forth in Schedule A hereto (collectively, the “**Commitments**”). At the request of a DIP Financing Lender, the Borrower shall deliver to such DIP Financing Lender a promissory note evidencing such DIP Financing Lender’s Commitment.
7. **Currency:** Unless otherwise stated all currency is in U.S. Dollars.
8. **Credit Facility, Advances:** U.S.\$65,000,000 (such amount, the “**Maximum Amount**”) senior secured super-priority interim financing credit facility (the “**DIP Financing Credit Facility**”).  
  
Interim advances shall be made to the Borrower under this DIP Financing Term Sheet and from the DIP Financing Credit Facility (such advances being referred to herein as “**DIP Advances**”, and “**DIP Advance**” means each such advance) by the DIP Financing Lenders in accordance with the conditions set out in Sections 17 and 18 hereof or any other applicable sections of the DIP Financing Credit Agreement (as defined below), provided that prior to receiving the Final Recognition Order (as defined below) the aggregate amount of such DIP Advances shall not exceed U.S.\$18,500,000 (the “**Pre-Final Recognition Order Advance Amount**”).
9. **Closing Date:** “**Closing Date**” means the date of the first DIP Advance (the “**Initial DIP Advance**”), provided that such date shall occur no later than November 1, 2024 (or such other date agreed to by the DIP Agent and the DIP Financing Lenders). The amount of the Initial DIP Advance shall not exceed U.S.\$4,000,000.
10. **Maturity Date:** The earlier of: (a) March 31, 2025; (b) the effective date of a plan of compromise or arrangement that is in form and substance acceptable to the DIP Agent and DIP Financing Lenders (a “**Plan**”); (c) the closing of the sale of all or substantially all of the assets of the Loan Parties pursuant to agreements of purchase and sale satisfactory to the DIP Agent and DIP Financing Lenders;

and (d) the date of acceleration of the obligations under the DIP Financing Credit Agreement and termination of the DIP Financing Credit Facility commitments.

11. **Interest Rates:** DIP Advances shall be made available: (i) in Canadian dollars based on the Canadian Prime Rate (as defined in the Pre-Filing Credit Agreement) plus an applicable margin of 400 bps per annum; and (ii) in United States dollars based on the U.S. Prime Rate (as defined in the Pre-Filing Credit Agreement) plus an applicable margin of 400 bps per annum. Interest shall be calculated daily and payable in arrears on the last Business Day (as defined in the Pre-Filing Credit Agreement) of each calendar month.
12. **Upfront Fee:** The Borrower shall pay an upfront fee to the DIP Agent for the account of the DIP Financing Lenders in the aggregate amount of U.S.\$420,000, which fee is to be allocated to each DIP Financing Lender based on its commitment in respect of the DIP Credit Facility specified on Schedule A hereto (collectively the “**Upfront Fees**”) and which Upfront Fees shall be due and payable immediately following the granting of the ARIO (as defined below).
13. **Administrative Agent Fee:** An annual administrative fee of Cdn.\$30,000 payable to the DIP Agent (the “**DIP Agent Fee**”), which shall be payable after the granting of the ARIO.
14. **DIP Financing Credit Agreement:** If required by the DIP Agent or the DIP Financing Majority Lenders, the Borrower and the Guarantors shall enter into a definitive interim financing credit agreement, definitive guarantees and such other loan documents as requested by the DIP Agent or the DIP Financing Majority Lenders, in each case, on terms and conditions that reflect the commercial terms of this term sheet and as otherwise agreed to by the DIP Agent and the DIP Financing Majority Lenders (collectively (if any), the “**DIP Financing Credit Agreement**”).
15. **Purpose of DIP Financing Term Sheet and DIP Financing Credit Facility:** To provide for the short-term liquidity needs of the Loan Parties pursuant to the Agreed Budget (as defined below) while the CCAA and Chapter 15 (as defined below) proceedings are continuing, including, without limitation, the payment of interest in accordance with the terms of the Pre-Filing Credit Agreement and the payment of the fees and expenses of the Pre-Filing Agent, the Pre-Filing Lenders, the DIP Agent and the DIP Financing Lenders. The Borrower may make intercompany loans to the Guarantors and other subsidiaries of the Borrower in accordance with the terms of this DIP Financing Term Sheet and the DIP Financing Credit Agreement (together, the “**DIP Financing Credit Documents**”).
16. **Security & Collateral** The obligations of the Loan Parties (the “**DIP Financing Obligations**”) under this DIP Financing Term Sheet and the DIP Financing Credit Documents (if any) shall be secured against all of the assets, property and undertaking of the Loan Parties (the “**Collateral**”) by a super-priority “**DIP Financing Lenders’ Charge**” (subject only to Permitted Priority Liens (as defined below)) pursuant to an order of the Ontario Superior Court of Justice (the “**Canadian Court**”) granted pursuant to the provisions of the CCAA, which DIP Financing Lenders’ Charge shall be recognized and given effect to by orders of the U.S. Bankruptcy Court – District of Delaware (the “**U.S. Court**”) pursuant to the provisions of

the Chapter 15 of the U.S. *Bankruptcy Code* (“**Chapter 15**”).

**"Permitted Priority Liens"** means: (a) a Canadian Court ordered Administration Charge to secure obligations owing to certain professionals in the CCAA and Chapter 15 proceedings in amount not to exceed U.S.\$2,000,000; (b) wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are given priority by Applicable Law; and (c) such other Liens (including any Canadian court-ordered charges) as may be agreed to in writing by the DIP Agent and DIP Financing Lenders. For greater certainty, except as expressly set forth in the DIP Financing Credit Agreement, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens".

**17. Conditions Precedent to Effectiveness and to Initial DIP Advance:**

The effectiveness of this DIP Financing Term Sheet and the DIP Financing Lenders' agreement to make the Initial DIP Advance to the Borrower under this DIP Financing Term Sheet is subject to the satisfaction of the conditions precedent set out below (collectively, the “**Initial Funding Conditions**”):

- (a) The DIP Financing Term Sheet shall have been executed and delivered by all required parties;
- (b) An initial order in form and substance satisfactory to the DIP Agent, acting reasonably (the “**Initial Order**”) shall have been issued by the Canadian Court, that, among other things, (i) grants protection to the Loan Parties pursuant to the provisions of the CCAA, (ii) approves the DIP Financing Term Sheet, (iii) grants a super-priority DIP Financing Lenders' Charge (subject only to Permitted Priority Liens (as defined below)) against all of the Collateral to secure the Pre-Final Recognition Order Advance Amount, (iv) appoints FTI Consulting Canada Inc., as monitor (in such capacity, the “**Monitor**”) and (v) authorizes the Monitor to act as foreign representative pursuant to Chapter 15;
- (c) A motion of the foreign representative of the Loan Parties for entry of the Provisional Order (as defined below) and Final Recognition Order (as defined below) shall have been filed in the U.S. Court;
- (d) Unless the DIP Agent provides its written waiver (which waiver the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders), the U.S. Court shall have issued an order, in form and substance satisfactory to the DIP Agent, acting reasonably, recognizing and giving effect to the Initial Order (including the DIP Lenders' Financing Charge) on a provisional basis and granting certain necessary and ancillary relief thereto pursuant to Chapter 15 (the “**Provisional Order**”);
- (e) The DIP Financing Lenders shall have received the Agreed Budget (defined below) and such Agreed Budget shall be approved by the DIP Financing Majority Lenders; for greater certainty, the DIP Financing Majority Lenders have agreed to the Agreed Budget provided by the Borrower to the DIP Financing Lenders on October 28, 2024;
- (f) All of the representations and warranties of the Loan Parties as set forth in the DIP Financing Credit Agreement are true and accurate in all

material respects;

- (g) No Event of Default (as defined below) has occurred or will occur as a result of the Initial DIP Advance;
- (h) There are no Liens (as defined below) ranking pari passu or in priority to the DIP Financing Lenders' Charge, other than the Permitted Priority Liens;
- (i) There shall be no order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings that contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the other DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent or by the DIP Financing Majority Lenders, acting reasonably; and
- (j) The Initial Order and the Provisional Order (unless waived pursuant to Section 17(d)) shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders).

For greater certainty, no DIP Financing Lender shall be obligated to make the Initial DIP Advance or otherwise make available funds pursuant to this DIP Financing Term Sheet unless and until all the Initial Funding Conditions have been satisfied.

**18. Conditions Precedent to Subsequent DIP Advances:**

The DIP Financing Lenders' agreement to make any DIP Advance from and after the date of the Initial DIP Advance to the Borrower under this DIP Financing Term Sheet and the DIP Financing Credit Agreement (if any) are subject to the following conditions precedent (collectively, the "**Subsequent Funding Conditions**") and together with the Initial Funding Conditions, the "**Funding Conditions**"):

- (a) The Canadian Court shall have issued an amended and restated initial order (the "**ARIO**"), in form and substance satisfactory to the DIP Agent, acting reasonably, and it shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders), and including:
  - (i) increasing the DIP Financing Lenders' Charge in favour of the DIP Collateral Agent to an amount to be determined by the Loan Parties, the DIP Financing Lenders and the Monitor;
  - (ii) authorizing the DIP Collateral Agent to effect registrations, filings and recordings wherever it deems appropriate regarding the DIP Financing Lenders' Charge;
  - (iii) providing that the increased DIP Financing Lenders' Charge shall be valid and effective to secure all of the obligations of

the Loan Parties to the DIP Financing Lenders hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Loan Parties;

- (iv) declaring that the granting of the DIP Financing Lenders' Charge and all other documents executed and delivered to the DIP Agent or the DIP Collateral Agent as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Financing Lenders' Charge, do not constitute conduct meriting an oppression remedy, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
  - (v) provisions restricting the granting of any additional liens or encumbrances on the assets of the Loan Parties, other than as permitted herein and the DIP Financing Lenders' Charge.
- (b) No Event of Default has occurred or will occur as a result of such DIP Advance.
  - (c) Such DIP Advance shall not cause the aggregate amount of all outstanding DIP Advances to: (i) exceed the Maximum Amount, (ii) be greater than the amount shown for the total aggregate DIP Advances on the Agreed Budget for the applicable time period, or (iii) prior to the U.S. Court issuing the Final Recognition Order, exceed the Pre-Final Recognition Order Advance Amount.
  - (d) the sum of (y) the aggregate principal amount outstanding under the Pre-Filing Credit Agreement (after giving effect to any repayment from the proceeds of such DIP Advance) less any repayment of the principal amount of the Pre-Filing Credit Agreement from sources other than DIP Advances, plus (z) the aggregate principal amount outstanding under the DIP Financing Credit Facility (after giving effect to the making of such DIP Advance) shall not exceed U.S.\$165,293,169.65.
  - (e) The Upfront Fees, the DIP Agent Fee and any agency fees in connection with the Pre-Filing Credit Agreement, and all other applicable DIP Financing Fees and Expenses (defined below) shall have been paid.
  - (f) The Loan Parties' cash management arrangement, including blocked accounts arrangement, shall have been approved by the ARIO.
  - (g) The Loan Parties shall have made all necessary or advisable registrations and taken all other steps in applicable jurisdictions to perfect and give effect to the DIP Financing Lenders' Charge as reasonably requested by the DIP Agent.
  - (h) There shall be no order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings that contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or

DIP Financing Lenders, as determined by the DIP Agent or the DIP Financing Majority Lenders, acting reasonably.

For greater certainty, no DIP Financing Lender shall be obligated to make a further DIP Advance or otherwise make available funds pursuant to this DIP Financing Term Sheet or the DIP Financing Credit Agreement (if any) unless and until all the foregoing conditions have been satisfied.

**19. Milestones:**

Failure to achieve the following milestones (the “**Milestones**”) on the following dates shall constitute an Event of Default:

- (a) By November 1, 2024, the U.S. Court shall have issued the Provisional Order.
- (b) By the date that is not more than 10 days after the Closing Date, the Court shall have issued the ARIO (including an increase to the DIP Lenders’ Financing Charge).
- (c) By December 16, 2024, the Loan Parties shall have provided a plan (the “**Strategic Plan**”) regarding one or more sale and investment solicitation processes (each a “**SISP**”) in respect of the business or assets of the Loan Parties or other winddown options of the Loan Parties to the DIP Agent, which Strategic Plan shall be in form and substance acceptable to the Majority DIP Financing Lenders.
- (d) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Court shall have issued an Order approving one or more SISP in respect of the business of the Loan Parties.
- (e) By November 25, 2024, the U.S. Court shall have issued an order recognizing the CCAA Proceedings as a foreign main proceeding, recognizing and enforcing the Initial Order, as amended and restated by the ARIO, on a final basis, and granting certain necessary and related relief pursuant to the Chapter 15 (the “**Final Recognition Order**”) and collectively with the Provisional Order and the ARIO, the “**Restructuring Court Orders**”), and such Final Recognition Order shall be in form and substance satisfactory to the DIP Agent, acting reasonably, and it shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders).
- (f) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Loan Parties shall have brought a motion seeking, (i) approval and vesting orders (the “**AVOs**”) approving a sale or sales and vesting the assets of the Loan Parties in the purchaser(s); and (ii) an order (the “**Distribution Order**”) authorizing the distribution of the proceeds of sale to first repay the DIP Financing Obligations and second the obligations owing by the Loan Parties to the Pre-Filing Lenders under the Pre-Filing



Credit Agreement and related documents, subject only to holdback in an amount necessary to satisfy Permitted Priority Liens and accrued but unpaid post-filing payables, as determined by the Monitor with the consent of the Loan Parties and the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders) or in such amount otherwise ordered by the Court.

- (g) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Canadian Court shall have issued the AVOs and the Distribution Order.
- (h) The U.S. Court shall have issued an order recognizing the AVOs and the Distribution Order on or before a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower.
- (i) By no later than December 18, 2024, a replacement servicer in respect of all Financing Instruments other than Securitization Assets (as such terms are defined in the Pre-Filing Credit Agreement) be identified and agreed to by the Borrower and the DIP Financing Majority Lenders, and, by no later than January 31, 2025, the transition to such replacement servicer actually servicing such Financing Instruments shall have been completed, provided that, each of the forgoing dates may be extended with the approval of the Monitor and the DIP Financing Majority Lenders.
- (j) On the earlier of (i) December 18, 2024, and (ii) a date that is prior to any proposed monetization of the Loan Parties' assets, the Borrower will provide a 13-week cashflow forecast to the DIP Agent (which cash flow forecast shall be in form and substance satisfactory to the DIP Financing Majority Lenders).

**20. Costs And Expenses:**

The Borrower shall pay all of the DIP Agent and DIP Financing Lenders' reasonable legal fees and out-of-pocket disbursements, and any costs of realization or enforcement, in each case in connection with or otherwise related to the DIP Financing Credit Facility, the DIP Financing Lenders' Charge, the DIP Financing Credit Documents or the CCAA and Chapter 15 proceedings (collectively, the "**DIP Financing Fees and Expenses**") and such payment shall be made forthwith upon receipt of the applicable invoice.

**21. Monitor:**

The Monitor shall be authorized to have direct discussions with the DIP Agent and the DIP Financing Lenders, and the DIP Agent and the DIP Financing Lenders shall be entitled to receive information from the Monitor as may be requested by the DIP Financing Lenders from time to time.

**22. Agreed Budget and Revised Budgets:**

The following terms will have the meanings ascribed below:

**"Excess Negative Cash Flow Variance"** means, in respect of any period of four consecutive weeks ending on Friday of the prior week where there is Negative Projected Cash Flow for such period, that:

- (i) the difference between (A) the Loan Parties' actual aggregate cash expenditures and outflows in such period minus (B) the Loan Parties' actual aggregate cash receipts in such period

is more than

- (ii) the Negative Projected Cash Flow for such period by greater than 20% or U.S.\$4,000,000.

**"Negative Projected Cash Flow"** means, in respect of any period of four consecutive weeks ending on Friday of the prior week, the amount by which the projected total cash inflows of the Loan Parties for such period is less than the projected total cash outflows for such period, in each case, as shown in the Agreed Budget.

**"Agreed Budget"** means the initial cash flow projection attached as Schedule B hereto (together with any update thereto pursuant to an Updated Budget approved by the DIP Financing Majority Lenders in their sole and absolute discretion or otherwise as amended with the approval of the DIP Financing Majority Lenders in their sole and absolute discretion,). The Agreed Budget sets forth expected receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Thursday of each week by 5:00 p.m. (Toronto time), commencing on the Thursday following the calendar week following the Closing Date, the Borrower shall deliver to the DIP Agent for distribution to the DIP Financing Lenders a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period and providing qualitative analysis of variances between actual to budget (a **"Budget Variance Report"**).

Without limiting any other obligation of the Borrower under the DIP Financing Credit Documents, the Borrower shall advise the DIP Agent if, as at the end of any period of four consecutive weeks ending on Friday of the prior week, an Excess Negative Cash Flow Variance exists.

**Updated Budgets:** to the extent there are any material updates or changes to the Agreed Budget, the Borrower shall prepare an update to the Agreed Budget (each an **"Updated Budget"**), for the period commencing from the end of the previous week through and including the end of the period set forth in the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the DIP Financing Majority Lenders (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless otherwise agreed to by the DIP Financing Majority Lenders in their sole and absolute discretion).

### 23. Availability Under DIP

Provided that the Funding Conditions are satisfied, each DIP Advance shall be made by the DIP Agent to the Borrower in increments as set out in the Agreed

- Facility:** Budget, subject to the terms and conditions contained herein.
- All proceeds of DIP Advances shall be deposited into the Borrower's deposit account acceptable to the DIP Agent.
- 24. Prepayments:** Provided that (i) the obligations of the Loan Parties in connection with the Pre-Filing Credit Agreement have been paid in full and (ii) subject to the Monitor's consent, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the DIP Financing Credit Facility at any time prior to the Maturity Date, without any prepayment fee or penalty.
- Any repayments of principal under the DIP Financing Credit Agreement will not be able to be re-drawn and the Maximum Amount will be reduced by the amount of such repayment.
- 25. Mandatory Repayments:** Unless otherwise consented to in writing by the DIP Financing Lenders, and provided the Monitor is satisfied that there are sufficient cash reserves in the Loan Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens and after giving effect to DIP Advances, amounts in the Agreed Budget, the Loan Parties shall, from and after the ARIO, use all excess cash on hand as of 12:00 pm (Toronto time) on Friday of each week (which for greater certainty does not include any of the proceeds of a DIP Advance or the proceeds of any sale as set out in Section 19(e)) to indefeasibly repay the following in the following order: (a) first, the obligations of the Loan Parties in connection with the Pre-Filing Credit Agreement until paid in full in accordance with Section 10.5 thereof and (b) second, the DIP Financing Obligations, and the Borrower shall provide the DIP Agent with a prepayment notice in respect of such prepayment. The DIP Agent and the Pre-Filing Agent, as applicable, shall be authorized to debit the account of the Borrower to effect the mandatory repayment, subject to the Monitor confirming the required reserve amount.
- Any repayments of principal under the DIP Financing Credit Agreement will not be able to be re-drawn and the Maximum Amount will be reduced by the amount of such repayment.
- 26. Representations and Warranties:** Each Loan Party represents and warrants to each DIP Financing Lender upon which each DIP Financing Lenders is relying in entering into the DIP Financing Credit Documents, that, subject to entry of the Initial Order and the ARIO, as applicable:
- (a) The transactions contemplated by the DIP Financing Credit Documents:
    - (i) are within the powers of the Loan Parties;
    - (ii) have been duly executed and delivered by or on behalf of the Loan Parties;
    - (iii) constitute legal, valid and binding obligations of the Loan Parties, enforceable against the Loan Parties in accordance with their terms;
    - (iv) do not require any authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
    - (v) will not violate the charter documents, articles by-laws or other

constating documents of any Loan Parties or any Applicable Law relating to any Loan Parties;

(b) The business operations of each Loan Parties have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out, except as would be non-prejudicial to the interests of the DIP Financing Lenders;

(c) The Loan Parties own their respective assets and undertaking free and clear of all Liens other than the Permitted Priority Liens, Liens permitted by the Pre-Filing Credit Agreement and related security documents, and the DIP Financing Lenders' Charge;

(d) Each Loan Parties has been duly formed and is validly existing under the laws of its jurisdiction of incorporation; and

(f) No Event of Default has occurred and is continuing.

**27. Affirmative Covenants:**

The Loan Parties covenant and agree to perform and do each of the following until the DIP Financing Obligations are permanently and indefeasibly repaid in full and the DIP Facility is terminated:

- (a) Allow the DIP Agent, the DIP Financing Lenders or their respective agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each of the Loan Parties' assets and properties.
- (b) Deliver to the DIP Agent and the DIP Financing Lenders periodic reporting packages and other information reasonably requested by the DIP Agent and the DIP Financing Lenders (within a reasonable time frame after such requests are made), including, but not limited to, monthly reporting on all collections, remaining balances, delinquencies, defaults and overall performance of all Financing Instrument Receivables other than Securitization Assets (as such terms are defined in the Pre-Filing Credit Agreement) so long as the related Financing Instruments are serviced by any Loan Party and, to the extent that the applicable Loan Party remains as the servicer of any Securitization Assets, copies of all servicing reports provided to the applicable purchaser or funder of such Securitization Assets.
- (c) Use the proceeds of the DIP Financing Facility only for the purposes described in Section 15, and in a manner consistent with the restrictions set out herein.
- (d) Comply with the provisions of the Restructuring Court Orders.
- (e) Conduct all activities in a manner consistent with the Agreed Budget, in all material respects, and, pursuant to Section 22, deliver to the DIP Agent each Budget Variance Report.
- (f) Forthwith notify the DIP Agent and DIP Financing Lenders of the occurrence of any Default or Event of Default.
- (g) Provide the DIP Agent or its counsel with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file in the CCAA Proceedings or Chapter 15 proceedings as soon as practically possible prior to any such filing

(which substantially final draft copies the DIP Agent or its counsel shall distribute, as soon as practicable after receipt, to any DIP Financing Lenders who have requested copies of same), and any motion, petition and/or applicable materials and similar pleadings that affect the DIP Financing Lenders or the Collateral shall be satisfactory to the DIP Agent, acting reasonably.

- (h) In respect of any SISP which may be initiated by or in respect of the Loan Parties or any of their property, such SISP shall be acceptable to the DIP Financing Lenders, acting reasonably, in all respects and approved by the Canadian Court, and the Loan Parties shall comply at all times with the SISP and any Restructuring Court Order approving the SISP, including by achieving the milestones set out in the SISP.
- (i) Use all reasonable commercial efforts to achieve the Milestones at the prescribed times.
- (j) The Borrower agrees to deliver to the DIP Agent, its legal counsel and financial advisor, promptly upon receipt thereof, copies of any and all notices or other communication issued by any purchaser or concurrent lessee of Securitization Assets to any Subsidiary or SPV Subsidiary (each term as defined in the Pre-Filing Credit Agreement), where such purchaser or concurrent lessee is giving notice of (a) the occurrence of any “termination event,” “servicer termination event,” “lock-up event”, “amortization event” or “event of default” under the applicable agreement relating to such Securitization Assets or the occurrence of any other event or condition under any such agreement that shall continue after the applicable grace period, if any, specified in such agreement, (b) the exercise of its right to terminate such Subsidiary or SPV Subsidiary as the servicer of the related Securitization Assets, or (c) the exercise of its right to lock up, hold on reserve or otherwise retain any portion of collections on Securitization Assets that would otherwise be remitted to such Subsidiary or SPV Subsidiary per the terms of the applicable agreement relating to such Securitization Assets. The DIP Agent (or its counsel) shall distribute copies of all such notices received as described in the preceding sentence to the DIP Financing Lenders within one Business Day of receipt.
- (k) The Borrower agrees to provide a weekly update on the Borrower’s strategic review process.

**28. Negative Covenants:**

The Loan Parties covenant and agree not to do the following, other than with the prior written consent of the DIP Financing Lenders:

- (a) Transfer, lease, or otherwise dispose of all or any part of its property, assets or undertaking after the date hereof (excluding dispositions of obsolete assets), without the prior written consent of the DIP Financing Lenders.
- (b) Make any payment of principal or interest in respect of existing (pre-filing) debt or obligation, other than as may be permitted by a Restructuring Court Order and that does not result in an Event of Default, and is provided for in the Agreed Budget.
- (c) Create or permit to exist indebtedness (including guarantees thereof or

indemnities or other financial assistance in respect thereof) other than existing (pre-filing) debt, debt contemplated by this DIP Financing Term Sheet, the DIP Financing Credit Agreement or the Agreed Budget, post-filing trade payables, or as otherwise permitted by a Restructuring Court Order or any subsequent Court Order.

- (d) Make any payments not consistent with the Agreed Budget, other than payments that would constitute an immaterial deviation from the Agreed Budget.
- (e) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or pari passu with the DIP Financing Lenders' Charge, other than the Permitted Priority Liens.
- (f) Take any action to challenge the validity, perfection or enforceability of the DIP Financing Credit Documents, the DIP Financing Lenders' Charge, the Pre-Filing Credit Agreement or any security granted to the Pre-Filing Lenders under the Pre-Filing Credit Agreement or other Credit Documents (as defined in the Pre-Filing Credit Agreement).
- (g) Take any other action inconsistent with the DIP Financing Credit Documents, the DIP Financing Lenders' Charge, or any orders entered in the CCAA Proceedings or the Chapter 15 proceedings.

**29. Indemnity And Release:**

The Loan Parties agree, on a joint and several basis, to indemnify and hold harmless the DIP Agent, the DIP Financing Lenders and their respective directors, officers, employees, agents, attorneys, advisors and affiliates (each, an "**Indemnified Person**") and release any and all claims the Loan Parties may have against the Indemnified Persons, the Pre-Filing Lenders, the Pre-Filing Agent, Royal Bank of Canada, in its capacity as collateral agent under the Pre-Filing Credit Agreement, and Royal Bank of Canada and TD Securities, each in their capacity as co-lead arranger under the Pre-Filing Credit Agreement, provided, however, the Borrower and other Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence, wilful misconduct or bad faith of any Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower or the other Loan Parties. None of the Indemnified Persons nor the Loan Parties shall be responsible or liable to any other person for consequential or punitive damages.

The indemnities granted under DIP Financing Credit Agreement shall survive any termination of the DIP Financing Facility.

**30. Events Of Default:**

The occurrence of any one or more of the following events without the DIP Financing Lenders' written consent shall constitute an event of default ("**Event of Default**"):

- (a) failure to achieve the Milestones at the prescribed times;
- (b) the breach of any affirmative covenant, negative covenant, representation and warranty or any other obligation owing by any Loan Party under the DIP Financing Credit Documents;

- 
- (c) Any order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent or the DIP Financing Majority Lenders, acting reasonably;
  - (d) any update in the Revised Budget or any Budget Variance Report forecasts that borrowings under the DIP Financing Facility will exceed the Maximum Amount at any time (unless and until the DIP Financing Lenders consent to increase the Maximum Amount, which shall be in the DIP Financing Lenders' sole and absolute discretion), or if, as at the end of any period of four consecutive weeks ending on Friday of the prior week, an Excess Negative Cash Flow Variance exists, other than variances solely due to changes in currency exchange rates;
  - (e) the Agreed Budget in effect at any time or any Updated Budget delivered hereunder indicates that the DIP Financing Credit Facility does not provide sufficient liquidity for the operations of the Loan Parties;
  - (f) in respect of any SISP, any deadline for the satisfaction of a material requirement (including any deadline for receipt of bids, offers, letters of intent or agreements, whether binding or non-binding, Court approval or closing) passes without such requirement being satisfied;
  - (g) any representation or warranty by a Loan Party in the DIP Financing Credit Agreement or in any other DIP Financing Credit Document shall be incorrect or misleading in any material respect when made;
  - (h) any of the Loan Parties become subject to any receivership proceedings or proceedings under the *Bankruptcy and Insolvency Act (Canada)* (the "BIA") or proceedings under Chapter 7 or Chapter 11 of the U.S. *Bankruptcy Code*, which is not otherwise stayed;
  - (i) the appointment of a receiver and manager, receiver, interim receiver or similar official or any process of any court becomes enforceable against any Loan Party or any of their material property, or any of their material property is seized or levied upon, or a creditor or governmental agency takes possession of a material amount of property of the Loan Parties, provided for certainty that for the purposes of this paragraph materiality shall be determined in reference to the collective property or operations of the Loan Parties;
  - (j) subject to a Restructuring Court Order, any subsequent Court Order, or the prior written consent of the DIP Financing Majority Lenders, any Loan Party ceases to carry on or maintain its business or its assets in the ordinary course of the business;
  - (k) any proceeding, motion or application is commenced or filed by a Loan Party or otherwise consented to by a Loan Party seeking the invalidation, subordination or other challenge of the terms of the DIP Financing Lenders' Charge, this Term Sheet or the DIP Financing Credit Documents; and

- (l) any material violation or breach of any Restructuring Court Order.

**31. Remedies:**

Upon the occurrence and continuance of an Event of Default, subject to the DIP Financing Credit Documents, the DIP Financing Majority Lenders may, upon written notice to the Borrower and the Monitor and subject to the requirements of any Restructuring Court Order:

- (a) seeking, by way of an application to the Canadian Court the appointment of a receiver, interim receiver, receiver and manager or similar official and such related proceedings in the U.S. Court as may be required;
- (b) seeking to adjudicate the Loan Parties bankrupt or convert the CCAA and Chapter 15 proceedings to proceedings under the *BIA* and/or proceedings under the Chapter 7 of the U.S. *Bankruptcy Code*;
- (c) seeking to expand the powers of the Monitor, pursuant to the terms of an order of the Canadian Court satisfactory to the Monitor, to allow the Monitor to realize on the Collateral and such ancillary and related relief before the U.S. Court as may be required; and
- (d) exercising any rights afforded to secured lenders under the Personal Property Security Act (Ontario), the Uniform Commercial Code (as enacted in any applicable State of the United States) and any similar personal property security legislation in any applicable jurisdiction.

**32. Allocation:**

Whether assets are monetized before or after an Event of Default, the proceeds of realization of the Collateral shall be allocated among the assets of the Loan Parties or by asset class. The DIP Financing Lenders may, in their sole and absolute discretion, elect the sequence in which proceeds of realization from each asset or asset class is applied to satisfy the DIP Financing Obligations.

**33. Agency and Required Lender Provisions:**

Except as set out in the immediately following paragraph, no amendment or waiver of any provision of any of this DIP Financing Term Sheet, nor consent to any departure by the Borrower or any other Person from such provisions, shall be effective unless in writing and approved by the DIP Financing Majority Lenders (as defined below). Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Any amendment to this DIP Financing Term Sheet relating to the following matters shall require the unanimous agreement of the DIP Financing Lenders:

- (a) decreases in interest rates and fees in respect of the DIP Financing Credit Facility;
- (b) increases in any DIP Financing Lender's Commitment;
- (c) extensions of the Maturity Date of the DIP Financing Credit Facility;
- (d) extensions of the scheduled dates or decreases in the scheduled amounts for repayments hereunder;
- (e) releases of all or any material portion of the Collateral and the DIP Financing Lenders' Charge (including, for certainty release of any of the Guarantees), except to the extent otherwise permitted pursuant to



this DIP Financing Term Sheet;

- (f) the definitions of “Permitted Priority Liens” and “DIP Financing Majority Lenders”; and
- (g) this Section 33.

**“DIP Financing Majority Lenders”** means, at any time, DIP Financing Lenders who, taken together, hold at least 66-2/3% of the aggregate Commitments at that time.

**IN WITNESS HEREOF**, the parties hereby execute this DIP Financing Term Sheet as of the date first written above.

**CHESSWOOD GROUP LIMITED, as Borrower  
and the following Guarantors:**

**CASE FUNDING INC.  
CHESSWOOD HOLDINGS LTD.  
PAWNEE LEASING CORPORATION  
CHESSWOOD US ACQUISITIONCO LTD.  
LEASE-WIN LIMITED  
WINDSET CAPITAL CORPORATION  
TANDEM FINANCE, INC.  
CHESSWOOD CAPITAL MANAGEMENT INC.  
CHESSWOOD CAPITAL MANAGEMENT USA  
INC.  
RIFCO NATIONAL AUTO FINANCE  
CORPORATION  
RIFCO INC.  
WAYPOINT INVESTMENT PARTNERS INC.  
1000390232 ONTARIO INC.**

**By FTI CONSULTING CANADA INC., solely in its  
capacity as Canadian Court-appointed Monitor of  
each of the above and not in its personal or corporate  
capacity, pursuant to the authority granted by the  
Initial Order of the Ontario Superior Court of Justice  
dated [·], 2024, as it may be amended**

By: \_\_\_\_\_  
Name:  
Title:

**ROYAL BANK OF CANADA, as Lender**

By: Wendy Chen  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

**ROYAL BANK OF CANADA, as DIP Agent**

By: Casey Clark  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

**THE TORONTO-DOMINION BANK**, as Lender

By:   
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

**HUNTINGTON NATIONAL BANK, as Lender**

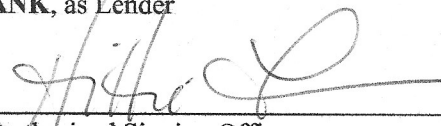
By:

  
Authorized Signing Officer

By:

\_\_\_\_\_  
Authorized Signing Officer

**M&T BANK, as Lender**

By:   
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

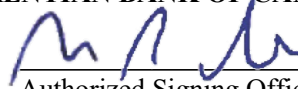
**CANADIAN IMPERIAL BANK OF  
COMMERCE, as Lender**

By: \_\_\_\_\_  
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

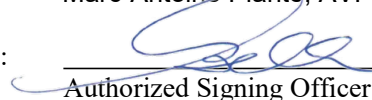
**LAURENTIAN BANK OF CANADA**, as Lender

By:



Authorized Signing Officer  
Marc-Antoine Plante, AVP Special Loans

By:



Authorized Signing Officer  
Connie Biello, VP Special Loans



**SCHEDULE A****LENDER COMMITMENTS**

<b>Lender:</b>	<b>Initial DIP Advance (USD):</b>	<b>Maximum Amount (USD):</b>	<b>Percentage</b>
<b>Royal Bank of Canada</b>	1,075,929.08	17,483,847.50	26.90%
<b>The Toronto-Dominion Bank</b>	1,017,932.37	16,541,401.08	25.45%
<b>Huntington National Bank</b>	776,679.33	12,621,039.08	19.42%
<b>M&amp;T Bank</b>	435,282.88	7,073,346.87	10.88%
<b>Canadian Imperial Bank of Commerce</b>	435,282.88	7,073,346.87	10.88%
<b>Laurentian Bank of Canada</b>	258,893.45	4,207,018.57	6.47%
<b>Total</b>	<b>U.S.\$4,000,000</b>	<b>U.S.\$65,000,000</b>	<b>100%</b>

**SCHEDULE B**  
**AGREED BUDGET**

## Chesswood Group Limited

### Consolidated Cash Flow Forecast

(\$USD in thousands)

Forecast Week Ending (Friday)	01-Nov-24	08-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	06-Dec-24	13-Dec-24	20-Dec-24	27-Dec-24	03-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	14 Week	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
<b>Receipts</b>																
Receipts from Securitization Assets	[2]	\$ 2,573	\$ 2,177	\$ 6,042	\$ 1,410	\$ 733	\$ 3,751	\$ 1,305	\$ 5,881	\$ 645	\$ 3,711	\$ 1,307	\$ 5,514	\$ 1,313	\$ 1,279	\$ 37,642
Receipts from Financing Instrument Receivables	[3]	767	372	925	276	292	797	270	880	281	777	263	882	264	360	7,407
<b>Total Receipts</b>		\$ 3,340	\$ 2,550	\$ 6,967	\$ 1,687	\$ 1,024	\$ 4,548	\$ 1,575	\$ 6,761	\$ 926	\$ 4,488	\$ 1,571	\$ 6,396	\$ 1,577	\$ 1,639	\$ 45,049
<b>Disbursements</b>																
<i>Operating Disbursements</i>																
Disbursements from Securitization Assets	[4]	(8,362)	(677)	(3,313)	(400)	(700)	(9,044)	-	(3,706)	(700)	(8,214)	(613)	(3,299)	(400)	(700)	(40,128)
Collections Expense	[5]	(322)	(60)	(214)	(209)	(187)	(180)	(214)	(176)	(155)	(186)	(213)	(182)	(155)	(166)	(2,618)
Payroll	[6]	(528)	(133)	(726)	(99)	(573)	(99)	(711)	(110)	(536)	(150)	(381)	(236)	(476)	(2,044)	(6,801)
Other Operating Expenses	[7]	(1,055)	(523)	(615)	(606)	(638)	(559)	(613)	(527)	(476)	(613)	(631)	(550)	(487)	(619)	(8,513)
<b>Total Operating Disbursements</b>		\$ (10,268)	\$ (1,393)	\$ (4,868)	\$ (1,313)	\$ (2,099)	\$ (9,881)	\$ (1,538)	\$ (4,519)	\$ (1,867)	\$ (9,163)	\$ (1,837)	\$ (4,267)	\$ (1,518)	\$ (3,529)	\$ (58,060)
<b>Net Cash from Operations</b>		\$ (6,928)	\$ 1,157	\$ 2,098	\$ 373	\$ (1,074)	\$ (5,333)	\$ 37	\$ 2,242	\$ (941)	\$ (4,675)	\$ (267)	\$ 2,129	\$ 59	\$ (1,890)	\$ (13,011)
<i>Financing Disbursements</i>																
Loan Advances (Repayments)	[8]	-	(3,340)	(6,967)	(1,687)	(1,024)	(4,548)	(1,575)	(6,761)	(926)	(4,488)	(1,571)	(6,396)	(1,577)	(1,639)	(42,499)
Interest Expenses	[9]	(988)	-	-	-	-	(1,107)	-	-	-	(788)	-	-	-	-	(2,883)
<i>Restructuring Disbursements</i>																
Restructuring Legal and Professional Costs	[10]	(1,099)	(1,356)	(1,519)	(1,381)	(973)	(973)	(901)	(685)	(685)	(559)	(559)	(559)	(559)	(559)	(12,366)
<b>Net Cash Flows</b>		\$ (9,015)	\$ (3,539)	\$ (6,387)	\$ (2,695)	\$ (3,072)	\$ (11,961)	\$ (2,439)	\$ (5,204)	\$ (2,551)	\$ (10,510)	\$ (2,396)	\$ (4,825)	\$ (2,076)	\$ (4,087)	\$ (70,759)
<b>Cash</b>																
Beginning Balance		\$ 8,150	\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 8,150
Net Receipts/ (Disbursements)		(9,015)	(3,539)	(6,387)	(2,695)	(3,072)	(11,961)	(2,439)	(5,204)	(2,551)	(10,510)	(2,396)	(4,825)	(2,076)	(4,087)	(70,759)
DIP Advances/ (Repayments)	[11]	2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
DIP Fees & Interest	[12]	-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
<b>Ending Balance</b>		\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>DIP Facility</b>																
Opening Balance		\$ -	\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ -
(+) Additional DIP Draws (Repayments)		2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
(+) Accrued Interest & Fees		-	456	13	26	32	39	65	70	82	87	110	116	126	131	1,354
(-) Fees & Interest Payment		-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
<b>Closing Balance (DIP &amp; Interest)</b>		\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ 64,963	\$ 64,963
<b>Debt</b>																
DIP Balance		-	2,655	5,860	12,260	14,981	18,085	30,085	32,589	37,864	40,497	51,094	53,600	58,542	60,744	64,963
Revolver Balance		141,293	141,526	138,419	131,681	130,211	129,402	123,960	122,589	116,030	115,295	110,210	108,821	102,604	101,197	99,725
<b>Total Debt</b>		\$ 141,293	\$ 144,182	\$ 144,279	\$ 143,940	\$ 145,192	\$ 147,487	\$ 154,045	\$ 155,178	\$ 153,894	\$ 155,792	\$ 161,304	\$ 162,421	\$ 161,146	\$ 161,941	\$ 164,687

#### Notes to the Consolidated Cash Flow Forecast:

- [1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of Chesswood Group Limited and its subsidiaries ("Chesswood" or the "Company"). The forecast above is presented in United States Dollars. The forecast 14-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.
- [2] Receipts from Securitization Assets are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are payable to various securitization funders and are not considered funds of Chesswood.
- [3] Receipts from Financing Instrument Receivables are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are collected on assets wholly-owned by Chesswood.
- [4] Payments from Securitization Assets are based on Management's current expectations regarding securitization debt payments. Disbursements have been forecast based on current payment terms, historical trends in underlying asset collections, and expected write-offs.
- [5] Collections Expense represents costs incurred to recover on previously charged-off loan/lease assets.
- [6] Forecast Payroll is based on historical payroll amounts and future forecasted payments including accrued vacation and a potential Key Employee Retention Plan for retained employees
- [7] Forecast Other Operating Expenses includes general and administrative expenses including IT, Rent, Insurance, and other costs necessary for operation
- [8] Forecast Loan Advances (Repayments) reflect the repayment of the Lenders' Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet
- [9] Forecast Interest Expenses & Fees include interest payable on the Lenders' Pre-Filing Obligations.
- [10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors
- [11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of approximately \$1.0 million.
- [12] Forecast DIP Accrued Interest reflects interest accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. An upfront fee is payable after the granting of the Amended and Restated Initial Order

**APPENDIX “D”**

**DIP Comparison Chart**

(see attached)

**Overview of DIP Facilities Granted in Canada During the DIP Comparison Period of 2020 to 2024 in (\$MM) CAD:**

Debtor	DIP Lender	Filing Date	Jurisdiction	Industry	DIP Loan <sup>1</sup>	DIP Interest <sup>2</sup>	DIP Fee as a % of DIP Loan <sup>3</sup>
1 Aldo Group	National Bank of Canada	5/7/2020	QC	Retail	\$ 60.0	12.5%	1.0%
2 Dominion Diamond Mines	Washington Diamond Lending, LLC	4/23/2020	AB	Mining	\$ 60.0	5.3%	N/A
3 Reitmans (Canada) Limited	Bank of Montreal and Roynat Inc.	5/19/2020	QC	Retail	\$ 60.0	11.0%	0.6%
4 DCL Corporation	Wells Fargo Bank	12/20/2022	ON	Distribution	\$ 55.0	8.8%	N/A
5 BZAM Ltd.	Cortland Credit Lending Corporation	2/28/2024	ON	Cannabis	\$ 41.0	14.0%	0.2%
6 Mastermind GP Inc.	CIBC	11/23/2023	ON	Retail	\$ 36.3	6.7%	1.3%
7 Coalspur Mines (Operations) Ltd.	Cline Trust Company LLC	4/26/2021	AB	Mining	\$ 36.0	12.0%	0.2%
8 Pride Group Holdings Inc.	RBC as agent	3/27/2024	ON	Transportation	\$ 30.0	12.5%	1.7%
9 Entrec Corporation	Wells Fargo Capital Finance Corporation Canada	5/14/2020	AB	Transportation	\$ 30.0	14.0%	0.8%
10 NextPoint Financial Inc.	BP Commercial Funding Trust and Drake Enterprises Ltd.	7/25/2023	BC	Financial Services	\$ 25.0	11.3%	1.0%
11 Laurentian University	Firm Capital Corporation	2/1/2021	ON	Education	\$ 25.0	12.0%	2.0%
12 CannTrust	Cortland Credit Lending Corporation	5/6/2021	ON	Cannabis	\$ 22.5	N/A	N/A
13 Myra Falls Mine Ltd.	Trafigura US Inc.	12/18/2023	BC	Mining	\$ 21.0	11.0%	1.0%
14 Northern Pulp Nova Scotia Corporation	Paper Excellence Canada Holdings Corporation	6/19/2020	BC	Agriculture	\$ 21.0	10.0%	2.5%
15 Groupe Sélection Inc.	National Bank, CIBC, Desjardins, TD, BMO, HSBC, Briva Finance and Fiera	11/21/2022	QC	Real Estate	\$ 20.0	N/A	N/A
16 Green Growth Brands Inc.	All Js Greenspace LLC	5/20/2020	ON	Cannabis	\$ 19.7	5.0%	N/A
17 Delta 9 Cannabis Inc.	FIKA Herbal Goods	7/15/2024	AB	Cannabis	\$ 16.0	9.0%	N/A
18 FIGR Brands, Inc.	Alliance One Tobacco Canada, Inc.	1/21/2021	ON	Cannabis	\$ 16.0	8.0%	N/A
19 Canadian Overseas Petroleum Limited	Summit Partners Credit Fund II, L.P., Summit Investors Credit III, LLC, and Summit Investors Credit III (UK), L.P.	3/8/2024	AB	Oil & Gas	\$ 15.2	9.8%	1.5%
20 Simply Green Home Services Inc.	Peoples Trust Company	11/9/2023	ON	Professional Services	\$ 15.0	9.5%	1.0%

Note 1: The table above is based on DIP Facilities granted between \$15MM - \$60MM from 2020 - 2024.

Note 2: To the extent DIP Interest rates vary during the CCAA proceeding the higher rate was included for illustrative purposes in the table above. Default interest rates were not included in the table above. DIP loans with variable interest rates calculated using the Prime Rate or SOFR as at October 23, 2024.

Note 3: DIP Fees as % of the DIP Loan exclude standby fees and reimbursement for reasonable legal fees incurred in respect of the DIP loan.

Source: Insolvency Insider and Government of Canada Public CCAA Records

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHESSWOOD GROUP LIMITED, et al.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**PRE-FILING REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA  
INC., IN ITS CAPACITY AS PROPOSED  
MONITOR**

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Lawyers for the Proposed Monitor, FTI Consulting Canada  
Inc.

**APPENDIX “C”**

**Chen Affidavit (without exhibits)**

(see attached)

Court File No.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
**CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS**  
**LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING**  
**CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION,**  
**TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC.,**  
**CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO**  
**FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS**  
**INC. and 1000390232 ONTARIO INC.**

**AFFIDAVIT OF WENWEI (WENDY) CHEN**  
(Sworn October 28, 2024)

I, Wenwei (Wendy) Chen, of the City of Toronto, in the Province of Ontario,  
**MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Director, Special Loans and Advisory Services, Capital Markets, at Royal Bank of Canada (“**RBC**”) and have knowledge of the matters deposed to in this Affidavit. I am authorized to make this Affidavit on behalf of RBC, in its capacity as administrative agent (the “**Existing Administrative Agent**”) and collateral agent (the “**Existing Collateral Agent**”, together with the Existing Administrative Agent, the “**Agent**”) to the lenders (the “**Existing Lenders**”) under the Existing Credit Agreement (as defined below). Where this Affidavit is not based on my direct personal knowledge, it is based on information and belief, and I verily believe such information to be true.



2. I have reviewed the business records maintained by RBC in respect of the matters at issue, which I verily believe were made in the ordinary and usual course of business, and where I do not have direct personal knowledge of matters deposed to herein, my knowledge is derived from my review of the business records of RBC, relevant copies of which are attached to this Affidavit. Where I refer to matters pertaining to the structure and operation of the Chesswood Group (as defined below) and their businesses, my information is derived from files maintained by RBC, information either obtained from the Chesswood Group directly or from FTI Consulting Canada Inc. (“**FTI**”), financial advisor to Blake, Cassels & Graydon LLP (“**Blakes**”), as counsel to the Agent and Existing Lenders, and publicly available data.

3. This Affidavit is sworn in support of an application (the “**Application**”) by the Agent for an initial order (the “**Initial Order**”) and related relief pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) appointing FTI as monitor (in such capacity, the “**Monitor**”) of the Chesswood Group with certain enhanced powers as set out in the proposed Initial Order.

4. Should the proposed Initial Order be granted, the Agent intends to bring a further application (the “**Comeback Hearing**”), returnable during the initial ten-day stay period (the “**Initial Stay Period**”) seeking an Amended and Restated Initial Order (“**ARIO**”) which is anticipated to include, among other things: (a) an extension of the stay of proceedings; (b) increases to the amount of the DIP Facility and the Interim DIP Charge (each as defined below); (c) a key employee retention plan; and (d) such further relief as may be necessary or desirable.

5. Unless otherwise stated, all amounts set out in this Affidavit are denominated in United States dollars. Capitalized terms used but not defined herein have the meaning given to them in the Existing Credit Agreement (as defined below).

## I. OVERVIEW

6. The “**Chesswood Group**” is made up of Chesswood Group Limited (“**Chesswood**” or the “**Borrower**”), a Canadian public company listed under the symbol TSX:CHW, and its direct and indirect subsidiaries: Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. (collectively, the “**Existing Guarantors**”).

7. The Chesswood Group is a financial services company that provides loans to small businesses and consumers across Canada and the United States. The Chesswood Group focuses on equipment, vehicle and legal financing, specializing in providing loans to a wide range of credit profiles and in niche areas of its three industry verticals. In Canada, the Chesswood Group also operates an investment firm focused on the equipment and consumer financing sectors.

8. The primary secured lenders to the Chesswood Group are the Existing Lenders comprised of RBC, The Toronto-Dominion Bank, The Huntington National Bank, M&T Bank, Canadian Imperial Bank of Commerce and Laurentian Bank of Canada.

9. The Existing Lenders have provided the Credit Facilities (as defined below) to the Chesswood Group pursuant to a second amended and restated credit agreement dated as of January

14, 2022, as amended by a first amending agreement dated as of March 31, 2022, a second amending agreement dated July 26, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated as of June 30, 2023, a fifth amending agreement dated as of December 22, 2023 and a sixth amending agreement dated as of June 21, 2024 (the “**Sixth Amending Agreement**”) (as may be further amended, modified, supplemented, restated or replaced from time to time, the “**Existing Credit Agreement**”).

10. The original commitment of the Existing Lenders (the “**Commitment**”) under the Existing Credit Agreement was a maximum aggregate principal amount of US\$300 million, which Commitment has been reduced from time to time to US\$148 million as of August 9, 2024.

11. As at October 24, 2024, the Chesswood Group owed the Existing Lenders US\$66,254,723.30 and C\$92,797,926.72, together with all legal and professional fees, costs, bank fees and charges, disbursements and expenses incurred by the Agent and the Existing Lenders, and interest which continues to accrue at the applicable rates under the Existing Credit Agreement. In addition, there are outstanding letters of credit in the amount of US\$4,000,000 and C\$6,600,000 issued under the Existing Credit Agreement. As detailed below, the Chesswood Group is in default of its obligations to the Existing Lenders under the Existing Credit Agreement.

12. On January 22, 2024, the Borrower announced that the Chesswood Group was initiating a strategic review (the “**Strategic Review**”) in reaction to challenges stemming from rising interest rates and the struggles of the financial services industry in the wake of regional bank failures in the United States. A Special Committee was formed to consider strategic options for the Chesswood Group, including a sale of certain assets or the wind down of some of its portfolios.

13. On June 14, 2024, the Borrower announced, among other things, that it was in breach of its borrowing base covenants contained in the Existing Credit Agreement by approximately US\$92 million.

14. In addition to the Borrowing Base Event of Default, at that time the Borrower was also in default of various financial covenants, as detailed below.

15. Following the Events of Default by the Borrower, the Existing Lenders entered into several successive waiver agreements (collectively, the “**Waivers**”) with the Chesswood Group pursuant to which the Existing Lenders agreed to waive the Events of Default of the Chesswood Group for a limited period of time (the “**Waiver Period**”) during which Chesswood Group would seek to sell certain of its assets in order to pay down the amounts owing to the Existing Lenders under the Existing Credit Agreement.

16. On August 15, 2024 the Ontario Securities Commission (the “**OSC**”) issued a failure to file cease trade order (the “**Cease Trade Order**”) against Chesswood due to Chesswood’s failure to file certain financial statements for Q2 of 2024, giving rise to yet another Event of Default under the Existing Credit Agreement.

17. Although Chesswood Group was successful in completing several sale transactions during the Waiver Period, it was unable to effect sales of the large part of its business before the last Waiver terminated on October 16, 2024, without further extension. As a result, several Events of Default have occurred and are continuing under the Existing Credit Agreement and new borrowings under the Existing Credit Agreement are no longer permitted under the Existing Credit Agreement.

18. Chesswood Group is unable to continue to operate without additional funding from the Existing Lenders. The Existing Lenders are prepared to provide debtor in possession funding to the Chesswood Group but only in the context of a creditor initiated proceeding under the CCAA where the Monitor is granted enhanced powers.

19. The Agent's counsel, Blakes, has prepared Demands and Section 244 Notices (each as defined below) which were issued on October 28, 2024 to the Chesswood Group.

20. I understand that the Chesswood Group does not oppose the granting of the Initial Order, that the board of directors will be resigning prior to the court hearing of this Application for an Initial Order and anticipate that it will be providing a consent to immediate enforcement prior to the Application hearing.

## II. THE CHESSWOOD GROUP

### The Business

21. Chesswood Group provides financing solutions to Canadian and US markets not served by traditional financial institutions in Canada and the United States. The Chesswood Group has several business verticals, which are serviced by different members of the Chesswood Group. Attached hereto as **Exhibit "A"** is an organizational chart outlining the corporate structure of the Chesswood Group.

22. In Canada, the Existing Guarantor, Rifco National Auto Finance Corp. ("**Rifco**"), provides financing for new and used consumer vehicles. The Existing Guarantor, 1000390232 Ontario Inc. ("**Easy Legal**"), provides legal financing services. The Existing Guarantor, Lease-Win Limited ("**Lease-Win**"), ceased operations several years ago.

23. The Chesswood Group also provides investment opportunities in Canada through Waypoint Investment Partners Inc. (“**Waypoint**”). Waypoint is an investment firm and private client investment manager, offering funds with exposure to, among other things, the equipment financing sector and equipment and consumer financing credit. Chesswood Capital Management Inc. (“**CCM**” and, together with Rifco, Easy Legal, Lease-Win and Waypoint, the “**Existing Canadian Guarantors**”) is a holding company that is the direct parent of Waypoint and CCM USA (as defined below).

24. Rifco Inc. is a holding company that is the direct parent of Rifco. Chesswood Holdings Ltd. (“**Holdings**” and, together with CCM, Rifco, Rifco Inc., Easy Legal, Lease-Win and Waypoint, the “**Existing Canadian Guarantors**”) is a holding company that is the direct parent of Lease-Win, CCM, Chesswood US (as defined below) and Case Funding (as defined below).

25. In the U.S., Pawnee Leasing Corporation (“**Pawnee**”), specializes in equipment financing across a wide range of credit profiles.

26. Chesswood Group’s other U.S. entities, Case Funding Inc. (“**Case Funding**”), Windset Capital Corporation (“**Windset**”) and Tandem Finance, Inc. (“**Tandem**”), have ceased operations. Windset ceased operations some time ago and no longer has any collection activities, whereas Tandem’s operations have been absorbed into Pawnee. As a result, only Tandem continues to service loans. Chesswood U.S. Acquisitionco Ltd. (“**Chesswood US**”) is a holding company that is the direct parent of Windset, Tandem and Pawnee.

27. Chesswood Capital Management USA Inc. (“**CCM USA**” and, together with Case Funding, Windset, Tandem, Pawnee and Chesswood US, the “**Existing US Guarantors**”) collects a management fee through Pawnee but does not have any other active operations.

28. Pawnee holds the equity in the SPVs (as defined below), and also holds a 10% interest in Bishop Holding LLC (“**Bishop**”), a special purpose securitization vehicle which does not engage in any business or activity other than acting as purchaser of loan and lease assets from Pawnee and contributing them to Bishop Holdings Finance Trust (“**Bishop Trust**”, a trust settled by Bishop), which purchases are funded by one of the Securitization Funders (as defined below). An unrelated third party, W-Bishop S LLC, holds the remaining 90% equity in Bishop.

29. Members of the Chesswood Group are either borrowers or guarantors under the Existing Credit Agreement. Certain of them are servicers of loan and lease assets, which have been sold by a Chesswood Group entity to securitization entities or directly to third party funders.

30. Pawnee and Rifco, along with special purpose securitization vehicles that are not subject to these proceedings, including Pawnee Receivable Fund III LLC, PLC Equipment Finance Fund LLC, Pawnee Equipment Receivables (Series 2020-1) LLC, Pawnee Equipment Receivables (Series 2021-1) LLC, and Pawnee Equipment Receivables (Series 2022-1) LLC (collectively, the “**SPVs**”), are party to a number of securitization and servicing agreements (collectively, the “**Securitization Agreements**”) with various Securitization Funders.

31. Fundamentally, the Securitization Agreements function as packages of equipment leases and loans, along with the related receivables, that are sold by Pawnee to SPVs (with Securitization Funders financing the acquisition) or are sold by Rifco direct to Securitization Funders. Generally, the Securitization Agreements include reserves, and the pricing is calculated

to anticipate a certain amount of loan and lease payment delinquencies and defaults, to account for the risk to the Securitization Funders of end-user lessees defaulting on loan and lease payments.

32. Pursuant to the Securitization Agreements (or in separate but related servicing agreements, as applicable) between Pawnee or Rifco and the applicable SPV or the Securitization Funder, Pawnee and Rifco have been respectively appointed to handle administrative and servicing matters in respect of the loans and leases that have been sold pursuant to the Securitization Agreements. Pawnee or Rifco, as applicable, are accordingly required pursuant to the applicable Securitization Agreements (or related servicing agreements, as applicable) to continue to administer or “service” the loans and leases on behalf of the applicable Securitization Funders. Servicing includes communications with the ultimate customer, the collection of payments and, in the event of loan or lease defaults, demanding repayment and repossessing the subject assets. The Securitization Agreements generally also permit the Securitization Funders to replace Pawnee or Rifco, as applicable, as servicer if specified events occur, including in some instances, an insolvency of Pawnee or Rifco, as applicable, or Chesswood.

33. The Chesswood Group has used securitization to generate funding (i.e., the upfront payment) that it then redeployed to grow its business. If the securitized assets perform as initially anticipated, related cash flows available to be remitted to the applicable Securitization Funders will be sufficient to cover its upfront payment plus anticipated yield and expense amounts, as well as an anticipated residual value on the related assets, which revert back to the original seller of the securitized assets once the current obligations to the Securitization Funder are paid in full.

34. For Pawnee’s Securitization Agreements, Pawnee earns a separate servicing fee for the services undertaken by it for the Securitization Funder. For Rifco’s Securitization Agreements,



Rifco does not earn a separate servicing fee for the services undertaken by it; rather its compensation for servicing is embedded in the upfront payment it receives such that the securitized assets are sold to the SPV or Securitization Funder on a “fully serviced basis”.

35. A more detailed analysis of the Securitization Agreements is required to understand all stakeholder interests and will be set out in a future report to the Court by the proposed Monitor.

Corporate Structure

36. Chesswood is a corporation incorporated pursuant to the laws of Ontario. Its shares were publicly traded on the Toronto Stock Exchange until the issuance of the Cease Trade Order on August 15, 2024. Attached hereto as **Exhibit “B”** is a corporate profile report for Chesswood.

37. Chesswood is the direct or indirect parent of all the Existing Guarantors.

38. Holdings, Easy Legal, Lease-Win, CCM and Waypoint are all corporations incorporated pursuant to the laws of Ontario.

39. Rifco Inc. and Rifco are corporations incorporated pursuant to the laws of Alberta.

40. CCM US, Chesswood US, Case Funding and Windset are all corporations incorporated pursuant to the laws of Delaware.

41. Tandem and Pawnee are both corporations incorporated pursuant to the laws of Colorado.

42. Attached hereto collectively as **Exhibit “C”** are corporate profile reports or certificates of good standing, as applicable, for each Existing Guarantor.

43. The SPVs are affiliates of the Chesswood Group that do not engage in any business or activity other than acting as purchaser of securitized assets, and as an issuer of asset-backed obligations, among other things, under Securitization Agreements. Waypoint Private Credit Fund LP (“**Waypoint LP**”) and its general partner Waypoint Private Credit Fund GP Inc. (“**Waypoint GP**”) are affiliates of the Chesswood Group but the limited partners in Waypoint LP are arm’s length third parties. I understand that Waypoint LP does not engage in any business or activity other than acting as purchaser of securitized assets from PLC Equipment Finance Fund LLC. For these reasons, at this time, no relief is being sought with respect to the SPVs, Waypoint LP, Waypoint GP, Bishop and Bishop Trust.

Employees

44. The Chesswood Group employs approximately 166 people. Approximately 90 of those employees are located in Canada, and approximately 76 are located in the United States. I understand that none of the Chesswood Group’s employees are unionized.

Leased Premises

45. The Borrower’s head office is located in Toronto, Ontario. The Borrower pays a usage fee to Vault (as defined below), who leases the premises from a third party, in exchange for the use of the premises.

46. Rifco leases office space in Red Deer, Alberta. The landlord for that office space is JEB2 Properties Inc.

47. Pawnee leases office space in Fort Collins, Colorado. The landlord for that office space is HEO LLC.

48. The other Existing Canadian Guarantors utilize virtual office services in British Columbia, Alberta, Nova Scotia and New Brunswick.

49. The other Existing US Guarantors in the Chesswood Group have ceased active operations as detailed above and, therefore, have no leased premises.

*Syndicate Credit Facilities and Loan and Security Documents*

50. The Existing Credit Agreement established a revolving facility (the “**Revolving Facility**”) in the maximum principal amount of US\$300,000,000, which included a swingline credit facility (the “**Swingline Facility**”, together with the Revolving Facility the “**Credit Facilities**”) in the maximum principal amount of US\$7,000,000. Attached hereto as **Exhibit “D”** is a copy of the Sixth Amending Agreement to the Existing Credit Agreement, which attaches a conformed Existing Credit Agreement.

51. The availability of borrowings to Chesswood under the Credit Facilities (defined as an Accommodation under the Existing Credit Agreement) is determined by a borrowing base (the “**Borrowing Base**”) which is determined by a detailed formula in the Existing Credit Agreement based on the value of certain specified eligible receivables and specified margins, plus certain specified limits (the “**Lending Limit**”). The Borrowing Base as set out in the most recently delivered Borrowing Base certificate (the “**Borrowing Base Certificate**”) is required to be delivered by Chesswood to the Agent weekly. Prior to the occurrence of the Borrowing Base Deficiency (as defined below), that requirement was monthly. For each requested borrowing, Chesswood is required to deliver a Borrowing Base Certificate, in the form attached to the Existing Credit Agreement, which certifies the various amounts required to calculate the Borrowing Base Certificate.

52. As described in further detail below, certain financial irregularities were discovered at the end of May 2024, resulting in the Lending Limit being exceeded and a Borrowing Base deficiency of approximately US\$92 million (the “**Borrowing Base Deficiency**”).

53. Through a series of amendments to the Existing Credit Agreement and the Waivers precipitated by the Borrowing Base Deficiency, the maximum amount of the Revolving Facility has been reduced to US\$148 million as of August 9, 2024. Pursuant to the terms of certain Waivers, the Swingline Facility was cancelled.

54. As at October 24, 2024, the total amount outstanding under the Credit Facilities (the “**Indebtedness**”) was US\$66,254,723.30 and C\$92,797,926.72, together with all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Existing Lenders, and interest which continues to accrue at the applicable rates under the Existing Credit Agreement. In addition, there are outstanding letters of credit in the amount of US\$4,000,000 and C\$6,600,000 issued under the Existing Credit Agreement. A breakdown of the Indebtedness is as follows:

Facility or Bank Fee	Amount
US Prime Rate Advances	US\$ 65,834,462.12
Interest	US\$ 411,972.46
Canadian Prime Rate Advances	C\$ 92,334,580.61
Interest	C\$ 452,948.84
Documentary Credits (LCs)	C\$ 6,600,000.00
	US\$ 4,000,000.00
LC Fee	C\$ 10,397.27
	US\$ 6,301.37
Commitment Fee	US\$ 1,987.35

55. To secure the Borrower’s obligations under the Existing Credit Agreement, the Borrower granted the Agent, among other things, a security interest (the “**Borrower Security**”)

over all of its present and after acquired undertaking and property pursuant to a security agreement dated as of December 8, 2014 (the “**Borrower GSA**”). A copy of the Borrower GSA is attached hereto as **Exhibit “E”**.

56. Each Existing Guarantor has guaranteed the obligations of the Borrower under the Existing Credit Agreement pursuant to guarantees (collectively, the “**Existing Guarantees**”). Attached hereto as **Exhibit “F”** are copies of the Existing Guarantees.

57. To secure the obligations in the Existing Guarantees, each of the Existing Guarantors has also granted the Agent a security interest (the “**Guarantor Security**”) over all of its respective present and after acquired undertaking and property pursuant to security agreements (collectively, the “**Existing Guarantor GSAs**”). Attached hereto as **Exhibit “G”** are copies of the Existing Guarantor GSAs.

58. Registrations against the Borrower and the Existing Canadian Guarantors were filed in the Ontario Personal Property Security Registration (“**PPSR**”) system in favour of the Agent. Attached hereto as **Exhibit “H”** are copies of the PPSR search results evidencing the Agent’s registrations.

59. Registrations were also filed against Rifco, Rifco Inc. and Easy Legal in the Alberta Personal Property Registry (the “**Alberta PPR**”) in favour of the Agent. Attached hereto as **Exhibit “I”** are copies of the Alberta PPR search results evidencing the Agent’s registrations.

60. Registrations in favour of the Agent against Rifco, Waypoint and Easy Legal were also filed in the personal property registration systems of British Columbia, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island and Saskatchewan and against Rifco and

Waypoint in the personal property registration system of Manitoba. Attached hereto as **Exhibit “J”** are copies of the search results from the personal registration systems of these provinces evidencing the Agent’s registrations.

61. Filings against the Existing US Guarantors were made in the Uniform Commercial Code (“UCC”) filing systems of Delaware and Colorado. Attached as **Exhibit “K”** is a summary of the searches as against the Existing US Guarantors evidencing the UCC filings in favour of the Agent.

Securitization Facilities

62. Pawnee and Rifco, together with the related SPVs or third party securitization special purpose entities, as applicable, are party to several Securitization Agreements with the following securitization funders:

- (a) Sun Life Assurance Company of Canada, as administrative agent and purchaser of assets originated by Rifco (“**Sun Life**”);
- (b) PLC Equipment Finance Fund LLC, as purchaser of assets originated by Pawnee, and Sun Life, as administrative agent on behalf of lenders having funded such purchases;
- (c) Versabank, as purchaser of assets originated by Rifco;
- (d) Securcor, Trust as purchaser of assets originated by Rifco;
- (e) connectFirst Credit Union, as purchaser of assets originated by Rifco;

- (f) Pawnee Portfolio Fund LLC, as purchaser of assets originated by Pawnee, and RBC, as administrative agent on behalf of the lenders having funded such purchases;
- (g) The Bancorp Bank, N.A., as purchaser of assets originated by Pawnee;
- (h) CCM Loan & Lease LLC, as purchaser of assets originated by Pawnee, and UMB Bank, National Association, as administrative agent on behalf of the lenders having funded such purchases;
- (i) PLC Equipment Finance Fund LLC, as purchaser of assets originated by Pawnee, and Waypoint LP as lender having funded such purchases;
- (j) Bishop, as purchaser of assets originated by Pawnee, and Bishop Trust, as further purchaser of such assets, and Deutsche Bank AG, New York Branch, as administrative agent on behalf of the lenders having funded such purchases;
- (k) VP Polus Trust, as purchaser of assets originated by Pawnee, and Truist Bank, as administrative agent on behalf of the lenders having funded such purchases; and
- (l) certain holders of publicly held asset-backed securities issued by each of Pawnee Equipment Receivables (Series 2020-1) LLC, Pawnee Equipment Receivables (Series 2021-1) LLC, and Pawnee Equipment Receivables (Series 2022-1) LLC, which noteholders are respectively represented by Deutsche Bank Trust Company Americas, as indenture trustee, and the proceeds of which notes were used to purchase assets originated by Pawnee.

(collectively, the “**Securitization Funders**” and each a “**Securitization Funder**”).

63. Pawnee or Rifco, as applicable, have established separate deposit accounts in respect of certain of the Securitization Funders, into which the pre-authorized payments made by the customers under leases securitized with a Securitization Funder are directly deposited. In other cases, the collections on loan or lease assets sold to a Securitization Funder are commingled with the other cash deposits of Pawnee or Rifco, as applicable. The amounts collected are then disbursed by Pawnee, Rifco or the applicable SPV, as applicable, to the respective Securitization Funder. For scenarios where pre-authorized payments are returned for insufficient funds, or in which a loan obligor or lessee is otherwise delinquent, the collections of such amounts (the “**Soft Collections**”) are made by Pawnee or Rifco, as applicable, and such collections are temporarily deposited in the general account and, after reconciliation, are paid to the applicable Securitization Funder.

64. With respect to the SPVs, in certain instances they also have their own deposit-only account in which the loan and lease collections are deposited through pre-authorized payments. With respect to any Soft Collections, those are collected by Pawnee or Rifco, as applicable.

65. As noted above, a more detailed analysis of the Securitization Agreements will be set out in a future report to the Court by the proposed Monitor.

*Other Secured Creditors*

66. As set out in the personal property registration searches previously attached as Exhibits “H”, “I” and “J”, and the UCC searches previously attached as Exhibit “K”, and summarized below, there are other secured parties with registrations against the Borrower, the Existing Canadian Guarantors and the Existing US Guarantors. The majority of these registrations are in respect of motor vehicle leases or repairers liens.



67. In accordance with the requirements of the Chesswood Group's various Securitization Agreements, there are financing statements or security registrations registered against the relevant Chesswood Group entity in favour of the applicable SPV or Securitization Funder, or both, in the appropriate filing jurisdiction. The purpose of such financing statements and security registrations is to perfect the applicable SPV's or Securitization Funder's interests in the securitized loans and leases purchased by the SPV or Securitization Funder and certain cash reserve accounts related to such securitized loans and leases, as applicable.

Unsecured Creditors

68. A putative class action claim (the "**Class Action**") was brought by proposed representative plaintiff Shane McCormick against Chesswood and certain former and current officers of Chesswood alleging that Chesswood published corrective disclosure that caused its share price to drop significantly and sets out a number of claims seeking unspecified monetary relief and non-monetary relief.

69. The Class Action was issued on October 11, 2024 but to my knowledge has not yet been served on the defendants.

70. I understand that the Monitor will be providing a summary of other unsecured creditors of the Chesswood Group in its pre-filing report.

Accounts and Cash Management System

71. The Chesswood Group maintains cash management systems to consolidate and track funds generated by the various operations of the Chesswood Group which include (i) bank accounts into which collections from the securitized loan and lease assets (the "**Securitization Collections**") are exclusively deposited (the "**Securitization Accounts**"), (ii) bank accounts in

which Securitization Collections are commingled with other collections from Chesswood Group owned loans and leases (the “**Commingled Securitization Accounts**”) and accordingly for such accounts the applicable Chesswood Group entity does not have the exclusive right and title to the amounts deposited into such accounts, and (iii) bank accounts in respect of which the applicable Chesswood Group entity has exclusive right and title to the amounts deposited into such accounts (collectively, the “**Exclusively Controlled Accounts**”).

72. The Exclusively Controlled Accounts located in Canada are maintained with RBC, and the Exclusively Controlled Accounts located in the United States are maintained with JPMorgan Chase Bank, N.A. (“**JPM**”). The Commingled Securitization Accounts located in Canada are maintained with RBC and ATB Financial, and the Commingled Securitization Accounts located in the United States are maintained with JPM. Although the SPVs have segregated accounts that hold Securitization Collections, there are currently no Securitization Accounts that exclusively hold Securitization Collections.

73. In accordance with the Waivers, Chesswood agreed to deposit all proceeds from asset dispositions and all cash received from ongoing operations of the Chesswood Group into an Exclusively Controlled Account, other than those required to be deposited into a Securitization Account in connection with Permitted Asset Financing Transactions and, similarly, not to withdraw any amounts from a Commingled Securitization Account except as required under such transactions or as otherwise permitted under the Waivers.

74. Each Exclusively Controlled Account is subject to a deposit account control agreement (or similar) for the benefit of the Existing Lenders, under which each respective account bank agreed to comply with the Agent’s instructions following the delivery of a trigger notice. On

October 28, 2024, the Agent delivered trigger notices in respect of each Exclusively Controlled Account.

Cash Flow Forecasts

75. I understand that the cash flow forecast for the 14-week period ending January 31, 2025 will be included in the pre-filing report of the Monitor.

**III. EVENTS OF DEFAULT AND WAIVERS**

Chesswood Group's Financial Difficulties and Strategic Review

76. The Chesswood Group has been suffering from poor financial performance over at least the past eighteen months. Rising interest and operating costs and portfolio write-downs have caused a significant decline in profitability, leading to a net loss of approximately US\$33 million in 2023.

77. On January 22, 2024, the Borrower announced the Strategic Review via a press release. Pursuant to the Strategic Review, a Special Committee of Chesswood directors was appointed and several options, including the sale of certain of the Chesswood Group's assets and the wind down of certain business units were considered. A copy of the press release, dated January 22, 2024, is attached hereto as **Exhibit "L"**.

Financial Irregularities and Corresponding Event of Default

78. During the course of its annual audit of the Borrowing Base for the Agent, which was based on the March 31, 2024 Borrowing Base, CBIZ MHM, LLC ("**CBIZ**") discovered a significant Borrowing Base Deficiency. The amount of the Borrowing Base Deficiency was

initially calculated to be approximately US\$50 million and subsequently increased to approximately US\$92 million.

79. In a further press release on June 14, 2024 Chesswood disclosed the Borrowing Base Deficiency and announced that the Special Committee had come to the view that it was in the Chesswood Group's best interests to actively pursue a sale of one or more of its business units or the company as a whole, and failing such sale (or sales), to commence an orderly winddown of one or more of its business units. The Special Committee based this view on a variety of factors, including the challenging economic conditions facing specialty finance companies and Chesswood Group's ongoing capital constraints. A copy of the press release dated June 14, 2024 is attached hereto as **Exhibit "M"**.

80. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Existing Credit Agreement had exceeded the Lending Limit. This constituted an Event of Default under Section 10.1(a) of the Existing Credit Agreement (the "**Borrowing Base Event of Default**"). While the Fourth Amended and Restated Waiver Agreement, dated October 2, 2024 (the "**Fourth A&R Waiver**"), temporarily waived this Event of Default, as well as other Events of Default described below, the Fourth A&R Waiver terminated on October 16, 2024.

81. On July 22, 2024, Chesswood announced via another press release (the "**July 22 Press Release**") that it had determined that it would have to prepare and file restated financial statements and management's discussion and analysis ("**MD&A**") for the three months ended March 31, 2024 as a result of the Borrowing Base Deficiency and the resulting Borrowing Base Event of Default. Chesswood also announced in the July 22 Press Release that it would suspend

any further borrowing capacity and suspend any loan originations by Pawnee and Rifco. A copy of the July 22 Press Release is attached hereto as **Exhibit “N”**

82. In the July 22 Press Release, Chesswood also indicated that its management was engaged in a review of the Borrowing Base calculations, financial statements and MD&A for the prior year to determine whether those also required restatement. To my knowledge, no such restatements have been filed.

*Other Defaults under Existing Credit Agreement*

83. With the termination of the Fourth A&R Waiver, in addition to the Borrowing Base Event of Default, the following additional Events of Default have occurred and are continuing under the Existing Credit Agreement:

- (a) The Borrower is required under Section 8.3(b) of the Existing Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. Chesswood notified the Agent and the Existing Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower’s Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Existing Credit Agreement.
- (b) The Borrower is required under Section 8.3(d) of the Existing Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Existing Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the

Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Existing Credit Agreement.

- (c) The Borrower is required under Section 8.3(e) of the Existing Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Existing Credit Agreement.
- (d) The Borrower is required under Sections 4(h) and 5(h) of the Fourth A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the Fourth A&R Waiver; and
- (e) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Existing Credit Agreement to deliver to the Agent and the Existing Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding

Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024, resulted in an Event of Default under Section 10.1(e) of the Existing Credit Agreement.

*Waivers and Sale Transactions*

84. Following the Borrowing Base Event of Default and other Events of Default described above, the Existing Lenders entered into the Waivers with the Borrower.

85. The first Waiver was entered into on June 14, 2024 and pursuant to that Waiver, the Existing Lenders agreed to waive the Events of Default of the Chesswood Group for the duration of the Waiver Period, during which Chesswood Group would seek to sell certain of its assets in order to reduce the Credit Obligations.

86. The Chesswood Group was successful in completing several sale transactions, detailed below, during the Waiver Period. However, it has been unable to effect sales of a large part of its business, which would have resulted in a decrease in the amount of the Accommodations Outstanding.

87. Rifco completed a Permitted Asset Financing Transaction in June 2024, which resulted in net proceeds of approximately C\$9,500,000, and in July 2024, which resulted in net proceeds of approximately C\$9,500,000.

88. On August 9, 2024, Chesswood sold all of its interests in Vault Credit Corporation, Vault Home Credit Corporation and CHW/Vault Holdco Corp. (together, “**Vault**”), representing the entirety of Chesswood’s Canadian equipment leasing and non-legal financing business segment, to an affiliate of HB Leaseco Holdings Inc. (the “**Vault Purchaser**”).

89. Pursuant to the purchase agreement, the Vault Purchaser acquired Chesswood's 51% interest in Vault for an amount equal to C\$60,000,000, the proceeds of which were used to reduce the Accommodations Outstanding.

*Cease Trade Order*

90. Compounding the Chesswood Group’s difficulties during this period, on August 7, 2024, Chesswood announced via press release that it would not be able to file with the OSC, within the required period, interim financial statements, MD&A and associated certifications (the “**Interim Filings**”) for the period ended June 30, 2024 (the “**Q2 Interim Filings**”). Chesswood explained that it could not file the Q2 Interim Filings when due primarily because of its need to restate and refile its Interim Filings for the period ended March 31, 2024 (the “**Q1 Interim Filings**”), as detailed above. Chesswood also noted that it had applied to the OSC for a management cease trade order (“**MCTO**”). A copy of the press release, dated August 7, 2024, is attached hereto as **Exhibit “O”**.

91. The OSC denied Chesswood’s application for an MCTO and, on or about August 14, 2024, it notified Chesswood that it would issue the Cease Trade Order as a result of Chesswood’s failure to restate and refile its Q1 Interim Filings and its expected failure to file its Q2 Interim Filings. A copy of Chesswood’s press release, dated August 14, 2024, announcing the impending Cease Trade Order is attached hereto as **Exhibit “P”**.



92. Chesswood was unable to complete Q2 Interim Filings when due on August 14, 2024. The OSC proceeded to issue the Cease Trade Order against Chesswood after market close on August 15, 2024. To my knowledge, the Cease Trade Order has not been lifted. A copy of the Chesswood press release, dated August 16, 2024, announcing the issuance of the Cease Trade Order is attached hereto as **Exhibit “Q”**.

*Termination of Waiver Period and Demands*

93. The Fourth A&R Waiver terminated on October 16, 2024 without a further extension of the Waiver Period.

94. Pursuant to Section 10.2 of the Existing Credit Agreement, upon the occurrence of an Event of Default, the Administrative Agent, with the consent of the Majority Lenders, may:

- (a) terminate the Existing Lenders’ obligations to make further Accommodations under the Credit Facilities; and
- (b) declare all Credit Obligations of the Borrower, including principal, interest, fees, and other amounts (whether matured or unmatured), to be immediately due and payable, without further demand, presentation, protest, or other notice of any kind, all of which are expressly waived by the Borrower.

95. On October 28, 2024, the Agent delivered written notices, in accordance with the Existing Credit Agreement, to the Borrower (the “**Borrower Demand**”) and the Existing Guarantors (the “**Guarantor Demands**” and together with the Borrower Demand, the “**Demands**”) notifying them that the Existing Lenders were terminating the Commitment, declaring the Credit Obligations immediately due and payable and demanding payment from the

Borrower and Existing Guarantors of all Credit Obligations, with interest at the applicable rates under the Existing Credit Agreement. Copies of the Borrower Demand and the Guarantor Demands are attached hereto as **Exhibit “R”**.

96. Concurrently with the Demands, the Agent also delivered notices of intention to enforce security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) to the Chesswood Group entities (the “**Section 244 Notices**”).

97. I understand that the Chesswood Group entities will execute consents to waive the 10-day notice period under the Section 244 Notices prior to the hearing of this Application.

*The Chesswood Group Is Insolvent and Lacking Liquidity to Maintain Operations*

98. As a result of the aforementioned events and the termination of the Waiver Period, the Chesswood Group is insolvent, unable to meet its obligations as they come due, unable to repay the Existing Lenders, and does not have the cash flow to fund its operations in the ordinary course.

99. Additionally, the Chesswood Group has over C\$800 million of loan and lease assets securitized with various Securitization Funders. Some Securitization Funders are, in accordance with the provisions of the related Securitization Agreements, holding back funds owing to the Chesswood Group as a result of loan asset performance issues and the triggering of maximum loss ratios pursuant to the related Securitization Agreements.

100. In addition, the Securitization Funders have not been funding new securitizations of loan and lease assets originated by Pawnee or Rifco. In respect of previously securitized loan and lease assets, certain of the Securitization Funders have either indicated an intention to remove or have already removed such assets from the administrative control of Pawnee or

Rifco. Additionally, the ongoing appointments of Pawnee or Rifco as servicers of securitized loan and lease assets have either been terminated, with replacement servicers already appointed by the applicable Securitization Funders in accordance with the terms of the applicable Securitization Agreement, or the Securitization Funders have reserved their rights to do so. On October 23, 2024 and October 24, 2024, Versabank, Sun Life, Securcor and connectFirst Credit Union terminated Rifco as the “servicer” under the applicable Securitization Agreements with Rifco, on the basis of the occurrence of servicer termination events pursuant to the provisions of the applicable Securitization Agreements.

101. Where servicer termination events have occurred under any of the Securitization Agreements, and where the related Securitization Funder has terminated Pawnee or Rifco, as applicable, as servicer (which has already occurred pursuant to all of Rifco’s Securitization Agreements), all residual proceeds from any securitized loan and lease assets to which the original seller (Rifco or Pawnee, as applicable) would be entitled are automatically locked-up (i.e. deposited into reserve accounts). No such residual proceeds may be remitted to Rifco or Pawnee, as applicable, until full repayment of amounts owing to the applicable Securitization Funders. As a result, the flow of funds to repay the Credit Obligations could be delayed as far out as 2032.

#### **IV. CCAA PROCEEDINGS AND RELIEF SOUGHT**

##### *Need for CCAA Proceedings*

102. As set out herein, the Chesswood Group is unable to meet its obligations as they come due. In order to continue operating in the normal course, Chesswood Group needs interim financing.

103. Chesswood Group has debt in excess of \$5 million, is insolvent and is facing a major liquidity crisis. The Existing Lenders have demanded repayment of the outstanding Credit Obligations and the Chesswood Group is not in a financial position to make repayment at this time.

104. As a result of these pressures, Chesswood Group cannot continue to operate without CCAA protection.

105. The Existing Lenders have agreed to provide the DIP Facility to address Chesswood Group's liquidity issues on the condition that Chesswood Group be granted protection under the CCAA under the oversight of a Monitor with enhanced powers.

106. The Agent has brought this Application for a creditor-initiated CCAA in order to institute a process to best determine how to engage in a sale or wind down of the Chesswood Group that is most beneficial for all stakeholders, including the Existing Lenders, other creditors and employees.

107. For all these reasons, a creditor-initiated CCAA is the best opportunity to maximize recoveries for creditors and preserve jobs, if possible.

*Appointment of FTI as Monitor*

108. The Agent proposes that FTI be appointed as Monitor of these CCAA proceedings. FTI has consented to act as Monitor, subject to Court approval, and its written Consent to Act as Monitor is attached hereto as **Exhibit "S"**.

109. FTI has extensive knowledge of the Chesswood Group given its role as financial advisor to Blakes, as counsel to the Agent, with respect to the activities of the Chesswood Group

over the past several months, including in the preparation of this Application, and is well-qualified for the role given its demonstrated knowledge of and experience in formal insolvency proceedings.

110. In particular, FTI is a trustee within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

*Proposed Enhanced Powers of the Monitor*

111. The Agent is seeking enhanced powers of the Monitor in the proposed Initial Order, including the authorization, for, and on behalf of and in the name of the Chesswood Group, if the Monitor considers it necessary or desirable, in consultation with the DIP Agent (as defined below), to:

- (a) conduct and control the financial affairs and operations of the Chesswood Group and carry on business of any of the Chesswood Group entities, including, without limitation:
  - (i) controlling the CCAA Parties' receipts and disbursements;
  - (ii) executing banking and other transactions and executing any documents or taking any other action that is necessary or appropriate for the purpose of the exercise of this power;
  - (iii) executing such documents as may be necessary in connection with any proceedings before this Court or pursuant to any Order of this Court;
  - (iv) taking any action or steps that any of the Chesswood Group entities can take pursuant to the CCAA, this Order or further Order of this Court, including making distributions or payments;

- (v) negotiating and entering into agreements with respect to the business or the property of the Chesswood Group;
- (vi) applying to the Court for any orders which may be necessary or appropriate in order to convey the property of the Chesswood Group to a purchaser or purchasers thereof;
- (vii) exercising any shareholder, partner, member or other rights and privileges available to any of the Chesswood Group entities for and on behalf and in the name of any of them;
- (viii) exercising any powers which may be properly exercised by any board of directors of the Chesswood Group entities;
- (ix) settling, extending or compromising any indebtedness owing to or by the Chesswood Group;
- (x) initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending, or hereafter instituted with respect to the Chesswood Group entities, the business, property, or the Monitor and to settle or compromise any such proceeding;
- (xi) exercising any rights of the Chesswood Group entities;
- (xii) applying for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Chesswood Group entities;
- (xiii) taking any and all corporate governance actions for the Chesswood Group entities;
- (xiv) providing instruction and direction to the Assistants (as defined in the draft Initial Order) of the Chesswood Group entities;

- (b) preserve, protect and exercise control over the business or property, or any parts thereof, including, without limitation, to:
  - (i) receive, collect and exercise control over all proceeds of sale of any of the property of the Chesswood Group;
  - (ii) exercise all remedies of the Chesswood Group in collecting monies owed or hereafter owing to the Chesswood Group entities and to enforce any security held by the Chesswood Group;
  - (iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the property for any purpose pursuant to Order;
- (c) conduct investigations from time to time, including, without limitation, examining under oath any Person reasonably thought to have knowledge relating to any of the Chesswood Group entities, the business or the property of the Chesswood Group and compelling any such Person to produce any books, records, accountings, correspondence or documents or papers, electronically stored otherwise, in that Person's possession, custody, control or power relating to the Chesswood Group entities, or the business or the property of the Chesswood Group; and
- (d) take any steps, enter into any agreements, execute any documents, incur any obligations or take any other action necessary, useful or incidental to the exercise of any of the aforesaid powers.

112. The Agent is of the view that the powers listed above are necessary to ensure appropriate oversight is in place to guide the Chesswood Group through its restructuring, as the

board of directors of Chesswood has indicated their intention to resign immediately prior to the CCAA filing.

113. The Agent does not know of any creditors that may be prejudiced if the Court grants the powers listed above.

*Stay of Proceedings*

114. Due to its financial difficulties, the Chesswood Group requires a stay of proceedings to maintain the status quo and give it and the Chesswood Group breathing room to stabilize operations for the benefit of all stakeholders of the Chesswood Group and pursue a solution to the Chesswood Group's current difficulties through sale transactions or an orderly wind down.

115. The proposed Initial Order contemplates the Initial Stay Period of ten days, which I understand is the maximum that can be authorized by a Court at the initial application under the CCAA.

*Administration Charge*

116. The Agent seeks a super-priority charge over the Chesswood Group's property in Canada in favour of the Monitor, Foreign Representative (as defined below) and Canadian and US counsel to the Monitor and Foreign Representative (collectively, the "**Professionals**") in the maximum amount of US\$2,000,000 to secure payment of their professional fees and disbursements, whether incurred before, on, or after the date of the Initial Order (the "**Administration Charge**").

117. The Agent is of the view that the Administration Charge is necessary given the expectation that the Professionals will be extensively involved in these CCAA proceedings. The



Agent is also of the view that the quantum of the Administration Charge is fair and reasonable given the expected amount of costs and fees to be incurred before and after the date of the Initial Order.

*DIP Facility and DIP Charge*

118. Pursuant to a DIP financing principal terms sheet (the “**DIP Financing Term Sheet**”), to be entered into by Chesswood, as borrower, and the same Chesswood Group entities that are Existing Guarantors under the Existing Credit Agreement, as guarantors (the “**DIP Guarantors**”), that is subject to this Court’s prior approval in the Initial Order and ARIO, RBC, as administrative and collateral agent under the proposed DIP Facility (in such capacity, the “**DIP Agent**”) and the lenders thereunder (the “**DIP Lenders**”) have agreed to establish a senior secured super-priority interim financing credit facility (the “**DIP Facility**”) in the maximum amount of US\$65,000,000, with the maximum amount of US\$18,500,000 available prior to the issuance of the Final Recognition Order (as defined in the DIP Financing Term Sheet), with an initial advance to be made on October 31, 2024 in an amount not to exceed US\$4,000,000 (the “**Initial Advance**”), for use during these CCAA proceedings. The terms of the DIP Financing Term Sheet are reasonable and competitive. A copy of the near final DIP Financing Term Sheet is attached hereto as **Exhibit “T”**.

119. Each of the Existing Lenders have agreed to be DIP Lenders under the proposed DIP Facility. The proposed DIP Facility would be secured by a court-ordered charge over all of the Chesswood Group’s property in Canada and the U.S. in the initial maximum amount of US\$18,500,000 (the “**Interim DIP Charge**”), subject only to the Administration Charge in priority. It is anticipated that the DIP Facility will be increased to the maximum amount of

US\$65,000,000 (the “**DIP Charge**”) in advance of the Comeback Hearing and that the Court will be asked to approve both the increased DIP Facility and a corresponding increase to the DIP Charge at that time.

120. FTI has sized the DIP Facility proportionally in order to meet the Chesswood Group’s liquidity needs during the Initial Stay Period.

121. The material terms of the DIP Financing Term Sheet are as follows:

- (a) **Borrower:** Chesswood Group Limited;
- (b) **Guarantors:** each DIP Guarantor will provide a guarantee in respect of all existing and future indebtedness owing in connection with the DIP Facility owed or owing by Chesswood to the DIP Agent and the DIP Lenders;
- (c) **Principal Amount:** the DIP Facility is to be made in an initial amount not to exceed US\$4,000,000 (the “Initial Advance”) for the Initial Stay Period and will increase to an aggregate maximum amount of US\$65,000,000 (the “**Maximum Amount**”), provided that provided that prior to receiving the Final Recognition Order (defined in the DIP Financing Term Sheet) the aggregate amount shall not exceed US\$18,500,000.
- (d) **Court Orders:** All advances under the DIP Facility are subject to the condition precedent that an Initial Order be made and is in full force and effect, in form and content substantially similar to the draft order included in the DIP Agent’s application or otherwise acceptable to the DIP Agent including the appointment of FTI as Monitor and the granting of enhanced powers to the Monitor. Advances in excess of the Initial Advance are subject to the condition precedent that an ARIO has been granted by the Court in a form and substance acceptable to the DIP Agent;
- (e) **Fees:**

- (i) Chesswood will pay an upfront fee to the DIP Agent for the account of each DIP Lender equal to the aggregate amount of US\$420,000, which fee is to be allocated to each DIP Lender based on its the commitment in respect of the DIP Facility, payable after the granting of the ARIO;
  - (ii) Chesswood will pay an administrative agent fee to the DIP Agent in the amount of C\$30,000, payable after the granting of the ARIO; and
  - (iii) Chesswood will pay the fees and expenses of the Agent and the Existing Lenders.
- (f) **Use of Proceeds:** To provide for the short-term liquidity needs of the Chesswood Group pursuant to the Agreed Budget (as defined in the DIP Financing Term Sheet) during the CCAA proceedings, including, without limitation, the payment of interest in accordance with the terms of the Existing Credit Agreement and the payment of the DIP Agent's and the DIP Lenders' fees and expenses. Chesswood may make intercompany loans to the DIP Guarantors and other subsidiaries of Chesswood in accordance with the terms of the DIP Financing Term Sheet.
- (g) **Interest:** The interest rate is as follows: (i) in Canadian dollars based on the Canadian Prime Rate (as defined in the Existing Credit Agreement) plus an applicable margin of 400 bps per annum (based on an existing margin of 1.75% plus a 2% default rate); and (ii) in United States dollars based on the U.S. Prime Rate (as defined in the Existing Credit Agreement) plus an applicable margin of 400 bps per annum (based on an existing margin of 1.75% plus a 2% default rate). Interest is calculated daily and payable monthly.
- (h) **DIP Lenders' Expenses:** Chesswood is to pay all of the DIP Agent and DIP Lenders' reasonable legal fees and out-of-pocket disbursements, and any costs of realization or enforcement, in connection with the DIP Facility, the DIP Charge, the CCAA proceedings or the Chapter 15 proceedings.

- (i) **DIP Charge:** The DIP Facility is to be secured by the Interim DIP Charge for the Initial Stay Period and will be increased to the Maximum Amount thereafter over all of Chesswood's and the DIP Guarantors' present and after acquired property, subject only to the Administration Charge.
- (j) **Mandatory Repayments:** Provided the Monitor is satisfied that there are sufficient cash reserves in Chesswood and the DIP Guarantors' bank accounts to satisfy amounts secured by certain permitted priority liens and amounts anticipated on the date of the mandatory repayment under the Agreed Budget, Chesswood and the DIP Guarantors are required to, from and after the ARIO, use all excess cash on hand daily to repay the following in the following order: (a) first, the obligations of Chesswood and the DIP Guarantors in connection with the Existing Credit Agreement until paid in full and (b) second, the obligations in connection with the DIP Facility.
- (k) **Existing Credit Agreement Maximum:** It is a condition precedent to all advances after the Initial Advance that after giving effect to such advance, the aggregate principal amount outstanding under the Existing Credit Agreement, less any repayment from sources other than advances under the DIP Facility, plus the aggregate principal amount outstanding under the DIP Facility shall not exceed US\$165,293,169.65.
- (l) **Court Approval:** The Initial Advance under the DIP Facility will only be funded on this Court approving the DIP Financing Term Sheet, the DIP Facility, and granting the Initial Order, including the Interim DIP Charge.

122. Based on, among other things, the Agreed Budget, the DIP Agent believes that the DIP Facility is both reasonable and necessary to the Chesswood Group and the DIP Guarantors to continue operations during the Initial Stay Period.

123. I understand that the proposed Monitor is of the view that the Initial Advance is reasonably necessary to maintain operations and the business, in a pared down manner, during the Initial Stay Period.

*Dispensing With Reporting and Filing Requirements*

124. The proposed Initial Order also seeks relief that dispenses with the requirement for the Chesswood Group to comply, during the length of the stay of proceedings (the “**Stay Period**”), with any requirement relating to any filings (including financial statements), disclosures, core or non-core documents, and press releases in respect of any law respecting securities or capital markets in Canada, or by any rules and regulations of any stock exchange in Canada.

125. The Agent is of the view that complying with the requirements listed above would be time consuming and cause significant costs to be incurred at a time when the Chesswood Group has limited resources to continue operations. I understand that the Monitor will be posting detailed financial information in respect of the Chesswood Group on its publicly accessible website during these CCAA proceedings that will allow stakeholders and other interested parties to access information about the Chesswood Group.

*Comeback Hearing*

126. If the Initial Order is granted, the Agent intends to return to this Court on November 7, 2024 at 2:00 pm prevailing Eastern Time for a Comeback Hearing.

127. At the Comeback Hearing, the Agent intends to seek this Court’s approval of an Amended and Restated Initial Order (the “**ARIO**”).

128. At this time, the Agent expects that it will seek in the ARIO:

- (a) an extension of the Stay Period to January 31, 2025;
- (b) approval of an increased DIP Facility and DIP Charge as described in paragraph 119 above; and
- (c) a key employee retention plan and an associated charge.

## V. CHAPTER 15 PROCEEDINGS

129. Because the Chesswood Group has operations, assets and valuable business and trade relationships in the U.S., contemporaneously with the commencement of the CCAA proceeding, it is intended that the Monitor, as foreign representative for the Chesswood Group (the “**Foreign Representative**”), will seek the issuance of an order under Chapter 15 of the United States *Bankruptcy Code* to recognize and enforce these CCAA proceedings in the U.S. and protect against any potential adverse action taken by the Chesswood Group’s U.S. creditors and stakeholders (the “**Chapter 15 Case**”).

130. The Chesswood Group intends to file the Chapter 15 Case in the United States Bankruptcy Court for Delaware, where several of the US Guarantors are incorporated.

131. The Chesswood Group operates a consolidated business, with offices and primary operations in Canada. The Chesswood Group’s center of main interest is in Canada for the following reasons:

- (a) the operations of the Chesswood Group are wholly managed and directed from, and most of its administrative staff is situated in, the Chesswood Group’s head office in Toronto, Ontario;


- (b) all U.S. members of the Chesswood Group report to the Canadian head office;
- (c) the Canadian entities provide operational and administrative functions for the Chesswood Group as a whole. These functions are performed by Canadian Chesswood Group employees and include, among other things:
  - (i) operational and administrative functions for the Chesswood Group as a whole;
  - (ii) enterprise-wide IT oversight and services;
  - (iii) enterprise-wide support for finance functions, including working capital management, managing business expenses, insurance (cyber), and taxation;
  - (iv) oversight for the legal and compliance functions across the entire Chesswood Group;
  - (v) oversight of certain HR functions of the Chesswood Group, such as health and safety regulations;
  - (vi) consolidated financial planning and analysis services;
  - (vii) internal audit services (outsourced to a third party);
  - (viii) consolidation and entity reporting; and
  - (ix) intercompany reconciliations.

**VI. CONCLUSION**

132. For the reasons set out above, I believe that the Chesswood Group should be granted protection under the CCAA and that granting the proposed Initial Order is in the best interest of the Chesswood Group and its stakeholders.

133. I swear this Affidavit in support of the Agent’s application for an Initial Order pursuant to the CCAA and for no other purpose.

Sworn by video conference by Wenwei )  
(Wendy) Chen of the City of Toronto, in the )  
Province of Ontario on October 28, 2024, in )  
accordance with O.Reg.431/20, Administering )  
Oath or Declaration Remotely )

  
\_\_\_\_\_)  
A Commissioner for Taking Affidavits, etc.

Jake Harris, LSO# 85481T

  
\_\_\_\_\_)

Wenwei (Wendy) Chen



**APPENDIX “D”**

**Provisional Relief Order**

(see attached)

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

*In re:*

CHESSWOOD GROUP LIMITED, *et al.*,<sup>1</sup>

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 24- 12454 (CTG)

(Jointly Administered)

**Ref. Docket No. 5**

**ORDER GRANTING PETITIONER'S  
MOTION FOR PROVISIONAL RELIEF PURSUANT**

Upon the motion for certain provisional and injunctive relief (the "Motion")<sup>2</sup> filed by FTI Consulting Canada Inc. ("FTI") in its capacity as the court-appointed monitor and duly authorized foreign representative (the "Petitioner"), as defined by section 101(24) of title 11 of the United States Code (the "Bankruptcy Code") of the above-captioned debtors (the "Debtors" or the "Company"), seeking entry of an order granting provisional relief (the "Order") pursuant to sections 105(a), 362, 363, 364, 365(a), 365(e), 1517, 1519, 1521, and 1522 of the Bankruptcy Code to protect the Debtors and their property within the territorial jurisdiction of the United States pending recognition of the Debtors' proceedings currently pending in Canada pursuant to the CCAA (the "Canadian Proceedings"); and upon this Court's review and consideration of the Motion, Verified Petition, and the Rosenberg Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and

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<sup>1</sup> The last four digits of the United States Tax Identification Number, or similar foreign identification number, as applicable, follow in parentheses: Chesswood Group Limited (6730), Chesswood Holdings Ltd. (8445), Lease-Win Limited (2081), Case Funding Inc. (8049), 1000390232 Ontario Inc. (0232), Chesswood Capital Management Inc. (4785), Chesswood Capital Management USA Inc. (3582), Chesswood U.S. Acquisitionco Ltd. (4029), Pawnee Leasing Corporation (4533), Tandem Finance, Inc. (1260), Windset Capital Corporation (4857), Rifco Inc. (7815), Rifco National Auto Finance Corporation (1311), and Waypoint Investment Partners Inc. (4742). The Debtors' executive headquarters is located at Chesswood Group Limited, 41 Scarsdale Road, Suite 5, Toronto, ON, M3B 2R2.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion, if not defined therein, the Initial CCAA Order.

11 U.S.C. §§ 109 and 1501, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); and venue being proper before this Court pursuant to 28 U.S.C. § 1410(1) and (3); and appropriate, sufficient and timely notice of the Motion and the hearing thereon having been given; and upon the record established at such hearing, it appearing that the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors; and it appearing that the relief requested in the Motion is necessary and beneficial to the Debtors; and no objections or other responses having been filed that have not been overruled, withdrawn or otherwise resolved; and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such.

B. The Petitioner has demonstrated a substantial likelihood of success on the merits that (a) the Canadian Proceedings are "foreign main proceedings" as that term is defined in section 1502(4) of the Bankruptcy Code or, alternatively, with respect to certain Debtors, the Canadian Proceedings are "foreign nonmain proceedings" as defined in section 1502(5) of the Bankruptcy Code, (b) the Petitioner is a "foreign representative" as that term is defined in section 101(24) of the Bankruptcy Code, (c) all statutory elements for recognition of the Canadian Proceedings are satisfied in accordance with section 1517 of the Bankruptcy Code, and (d) application of section 365(e) on an interim basis to prevent contract counterparties from terminating their prepetition

contracts with the Debtors is entirely consistent with the injunctive relief afforded by the automatic stay under section 362 of the Bankruptcy Code.

C. The Petitioner has demonstrated that commencement or continuation of any action or proceeding in the United States against the Debtors should be enjoined pursuant to sections 105(a), 1519, 1521 and 1522 of the Bankruptcy Code, which protections, in each case, shall be coextensive with the provisions of section 362 of the Bankruptcy Code, to permit the expeditious and economical administration of the Canadian Proceedings, and such relief will either (a) not cause an undue hardship to other parties in interest or (b) any hardship to parties is outweighed by the benefits of the relief requested.

D. The Petitioner has demonstrated that without the protection of sections 362 and 365(e) of the Bankruptcy Code, there is a material risk that the Debtors' creditors or other parties-in-interest in the United States may attempt to exercise certain remedies, including terminating contracts or accelerating obligations, with respect to the Debtors that will severely impair the Debtors' restructuring efforts and result in irreparable damage to the Debtors' business and the value of Debtors' assets, and substantial harm to Debtors' creditors and other parties-in-interest.

E. Such acts could (a) interfere with the jurisdictional mandate of this Court under Chapter 15 of the Bankruptcy Code, (b) interfere with and cause harm to the Debtors' and Petitioner's efforts to administer the Canadian Proceedings, (c) interfere with the Debtors' operations, and (d) undermine the Debtors' and Petitioner's efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable injury, and it is therefore necessary that the Court enter this Order.

F. The Petitioner has demonstrated that without the protections afforded to lenders under section 364(e) of the Bankruptcy Code, there is a material risk that the Debtors will be unable to obtain the requisite financing to continue their business operations and fund their restructuring proceedings, which will significantly impair and potentially result in irreparable damage to the value of the Debtors' assets.

G. The Initial CCAA Order provides for, among other things, certain charges and security in the Debtors' Property, including an Administration Charge and the DIP Charge. Further, the Initial CCAA Order authorizes the Debtors to borrow from the DIP Lenders an amount up to US\$18,500,000 in accordance with and subject to the terms of the DIP Term Sheet attached as Exhibit B to the Motion and set forth in paragraph 38 to 43 of the Initial CCAA Order. The Initial CCAA Order also provides that the property of the Debtors is subject to the DIP Charge as security for the DIP Borrowings as set forth in paragraph 40 of the Initial CCAA Order.

H. Entry of an order of this Court recognizing and enforcing the Initial CCAA Order in the United States and applying (i) the DIP Charge to the Debtors' property located in the territorial jurisdiction of the United States and (ii) the protections provided by Section 364(c), (d) and (e) of the Bankruptcy Code is necessary to give effect to the Initial CCAA Order as it relates to the Debtors and their property in the United States and is required by the DIP Lenders pursuant to paragraph 38 of the Initial CCAA Order.

I. The Petitioner has demonstrated that, as found by the Canadian Court, recognition, on a provisional basis, of the incurrence of the indebtedness under the DIP Borrowings and the granting of liens and charges negotiated in connection with the DIP Borrowings, as authorized by the Initial CCAA Order, is necessary to prevent irreparable harm to the Debtors. Without such financing, the Debtors will be unable to continue operations and fund their restructuring

proceedings, which will significantly impair the value of the Debtors and their assets. Further, the amount that the Debtors have been authorized to borrow pursuant to the Initial CCAA Order is reasonably necessary for the continued operations of the Debtors pending entry of the Recognition Order.

J. The Petitioner has further demonstrated that recognition of the Initial CCAA Order, on a provisional basis, is warranted and that, based on the record before this Court, including the Initial CCAA Order and the findings of the Canadian Court, the terms of the DIP Borrowings are fair and reasonable and were entered into in good faith by the Debtors and the DIP Lenders and that the DIP Lenders would not have extended financing without the protections provided by section 364 of the Bankruptcy Code, made applicable by section 1519(a)(3), 1521(a)(7), and 105 of the Bankruptcy Code. The Petitioner has demonstrated that the terms of the DIP Borrowings are reasonable and necessary under the circumstances, as found by the Canadian Court.

L. The Petitioner has demonstrated that the following relief is in the best interest of the Debtors, as the Debtors will suffer immediate and irreparable harm if the Court does not permit (a) the Debtors to expeditiously disclaim or reject executory contracts and leases governed by U.S. law or within the territorial jurisdiction of the United States, subject to the notice procedures and requirements of the CCAA, and (b) to comply with the provisions of the Initial CCAA Order.

M. The Petitioner has demonstrated that no injury will result to any party that is greater than the harm to Debtors' business, assets, and property in the absence of the relief requested in the Motion.

N. The Debtors' creditors will not suffer any significant harm by the requested provisional relief, as the relief will ensure the value of the Debtors' assets are preserved, protected and maximized for the benefit of all creditors.

O. The Petitioner has demonstrated that, in the interest of comity, the purpose of Chapter 15 is carried out by granting recognition and giving effect to the Initial CCAA Order.

P. The interest of the public will be served by this Court's entry of this Order.

Q. The Petitioner and the Debtors are entitled to the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

**NOW, THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is granted as set forth herein.

2. The Initial CCAA Order is hereby given full force and effect on a provisional basis, including, without limitation, the sections of the Initial CCAA Order (a) authorizing the Debtors to obtain the DIP Borrowings in an amount up to US\$18,500,000 in accordance with and subject to the terms and condition set forth on the DIP Term Sheet and in paragraphs 38 to 43 of the Initial CCAA Order and granting to the DIP Lenders the DIP Charge, (b) authorizing the Debtors to enter into, perform and borrow under the DIP Borrowings, DIP Term Sheet and Definitive Documents (each as defined in the Initial CCAA Order), as applicable, and, in each case, in accordance with the terms of paragraphs 38 to 43 of the Interim CCAA Order (c) authorizing but not requiring the Petitioner to exercise the rights and powers with respect to the Debtors' and their assets in accordance with the Initial CCAA Order, including paragraphs 25 to 27 thereof and (d) staying the commencement or continuation of any actions against the Debtors and their assets.

3. While this Order is in effect, the Petitioner and Debtors are entitled to the full protections and rights pursuant to section 1519(a)(1), which protections shall be coextensive with the provisions of section 362 of the Bankruptcy Code, and this Order shall operate as a stay of any execution against Debtors' assets within the territorial jurisdiction of the United States.

4. While this Order is in effect and consistent with the Initial CCAA Order, the Petitioner is entitled to the full protections and rights pursuant to section 1519(a)(2), including

being entrusted with the administration and realization of all of the Debtors' assets located in the United States.

5. While this Order is in effect, pursuant to sections 1519(a)(3) and 1521(a)(7) of the Bankruptcy Code, sections 362 and 365(e) of the Bankruptcy Code are hereby made applicable in these Chapter 15 Cases to the Debtors and their property within the territorial jurisdiction of the United States.

6. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed pursuant to section 362 of the Bankruptcy Code, (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed or (c) enjoining any rights or remedies provided to the DIP Lenders pursuant to the Initial CCAA Order.

7. To the extent authorized under the Initial CCAA Order, the Court recognizes, on a provisional basis, (i) the DIP Charge, as defined by and granted in the Initial CCAA Order which applies to all of Debtors' assets located in the United States, subject to the priorities, terms, and conditions of the Initial CCAA Order to secure current and future amounts outstanding under the DIP Borrowings and (ii) the Administrative Charge, subject to the priorities, terms, and conditions of the Initial CCAA Order.

8. To the extent provided by the Initial CCAA Order, the obligations of the Debtors under the DIP Borrowings shall be an allowed administrative expense claim with priority under section 364(c)(1) of the Bankruptcy Code over all administrative expense claims and unsecured claims against the Debtors, now existing or hereafter arising.



9. This Order shall be sufficient and conclusive notice and evidence of the grant, validity, perfection, and priority of the liens granted to the DIP Lenders in the Initial CCAA Order without the necessity of executing any guarantee, security or other document or filing or recording this Order or any financing statement, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction; provided that the Debtors are authorized to execute, and the DIP Lenders may file or record, any financing statements, mortgages, other instruments or any other document to further evidence the liens authorized, granted, and perfected hereby and by the Initial CCAA Order.

10. To the extent provided in the Initial CCAA Order, the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees, and other definitive documents as are contemplated by the DIP Borrowings or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, provided that the failure to execute any such documentation does not invalidate any loans under the DIP Borrowings or the validity or priority of the DIP Charge, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lenders under and pursuant to the DIP Borrowings and Initial CCAA Order (and in accordance with the cash flow forecast filed in connection with the Initial CCAA Order) including, but not limited to, the fees and expenses of the Petitioner's and DIP Lenders' Canadian and United States counsel, and other advisors, as and when the same become due and are to be performed, whether incurred before or after the filing of the Canadian Proceeding or these Chapter 15 Cases, and notwithstanding any other provision of this Order and without any further order of this Court.<sup>3</sup>

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<sup>3</sup> The aforementioned cash flow forecast is attached as Exhibit C to the Rosenberg Declaration.

11. To the extent consistent with the Initial CCAA Order, any financial accommodations made to the Debtors by the DIP Lenders pursuant to the Initial CCAA Order shall be deemed to have been made by the DIP Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 364(e), 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lenders, and the validity of the indebtedness, and the priority of the liens authorized by the Initial CCAA Order made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order, on appeal or the entry of an order denying recognition of the Canadian Proceedings pursuant to section 1517 of the Bankruptcy Code.

12. The Petitioner, the Debtors, and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or local rules of this Court.

13. Notwithstanding any provision in the Bankruptcy Rules to the contrary, including, but not limited to, Bankruptcy Rules 7062 and 1018, (i) this Order shall be effective immediately and enforceable upon its entry; (ii) the Petitioner and the DIP Lenders are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (iii) the Petitioner and the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

14. Nothing in this Order shall be deemed to waive, release, extinguish or estop the Petitioner or the Debtors from asserting, or otherwise impair or diminish, any right, claim, cause of action, defense, offset or counterclaim in respect of any asset or interest of the Debtors.

15. Notwithstanding anything herein to the contrary, as long as the Initial CCAA or an amended and restated initial order shall continue in force and effect in the Canadian Proceedings, the relief provided herein shall continue through a ruling by this Court on the petition for recognition of the Canadian Proceedings or as otherwise extended by subsequent order of this Court.

16. To the extent applicable, the security provisions of Rule 65(c) of the Federal Rules of Civil Procedure, made applicable pursuant to Bankruptcy Rule 7065, are hereby waived.

17. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

**Dated: October 31st, 2024**  
**Wilmington, Delaware**



**CRAIG T. GOLDBLATT**  
**UNITED STATES BANKRUPTCY JUDGE**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHESSWOOD GROUP LIMITED, et al.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**FIRST REPORT TO COURT SUBMITTED BY  
FTI CONSULTING CANADA INC., AS  
MONITOR**

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